

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 214 of 2022

In the matter of
Case of KRC Infrastructure and Projects Private Limited for Truing-up of FY 2019-20 to
FY 2021-22, Provisional Truing-up of FY 2022-23 and Revised approval of Aggregate
Revenue Requirement (ARR) and Tariff for FY 2023-24 and FY 2024-25

Coram

Sanjay Kumar, Chairperson

I. M. Bohari, Member

Mukesh Khullar, Member

ORDER

Dated: 31 March, 2023

M/s KRC Infrastructure and Projects Private Limited (KRCIPPL) has filed its Petition on 30 November, 2022 for truing-up of FY 2019-20 to FY 2021-22, Provisional Truing-up of FY 2022-23 and approval of Revised ARR and Tariff for FY 2023-24 and FY 2024-25, for its Electricity Distribution Business.

The Petition has been submitted in accordance with the MERC (Multi Year Tariff) Regulations, 2015 (MYT Regulations, 2015) for Truing-up of ARR for FY 2019-20 and MERC (Multi Year Tariff) Regulations, 2019 (MYT Regulations, 2019) for Truing up of ARR for FY 2020-21, FY 2021-22, and Provisional Truing-up of ARR FY 2022-23, and Tariff for FY 2023-24 and FY 2024-25.

In exercise of its powers under Sections 61, 62 and 86 of the Electricity Act, 2003 (herein after referred as "EA, 2003") and all other powers enabling it in this behalf, and after taking into consideration the submissions made by KRCIPPL, the public and stakeholders and all other relevant material, the Commission issues the following Order:

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ABBREVIATIONS

ABR	Average Billing Rate
ACoS	Average Cost of Supply
AMR	Automated Meter Reading
ARR	Aggregate Revenue Requirement
Capex	Capital Expenditure
CPI	Consumer Price Index
CSD	Consumer Security Deposit
CSS	Cross-Subsidy Surcharge
DISCOM	Distribution Company
DPR	Detailed Project Report
DSM	Demand Side Management
EA, 2003/Act	Electricity Act, 2003
FAC	Fuel Adjustment Charge
FBSM	Final Balancing and Settlement Mechanism
FY	Financial Year
GEPL	Gigaplex Estate Private Limited
GFA	Gross Fixed Assets
HT	High Tension
InSTS	Intra-State Transmission System
IoWC	Interest on Working Capital
ISTS	Inter State Transmission System
IT & ITeS	Information Technology & Information Technology-enabled Services
KRCSPL	K Raheja Corporate Services Private Limited
KRCIPPL	KRC Infrastructure and Projects Private Limited
LT	Low Tension
MAT	Minimum Alternate Tax
MBPPL	Mindspace Business Parks Private Limited
MSLDC	Maharashtra State Load Despatch Centre
MYT	Multi Year Tariff
PBT	Profit Before Tax
PPA	Power Purchase Agreement
PXIL	Power Exchange India Limited
RE	Renewable Energy

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

REC	Renewable Energy Certificate
RPO	Renewable Purchase Obligation
SCADA	Supervisory Control and Data Acquisition
SEZ	Special Economic Zone
SOP	Standards of Performance
STU	State Transmission Utility
TOD	Time-of-Day
ToSE	Tax on Sale of Electricity
TSU	Transmission System User
TTSC	Total Transmission System Cost
TVS	Technical Validation Session
UI	Unscheduled Interchange
W.e.f.	With effect from
WPI	Wholesale Price Index

1 INTRODUCTION

1.1 Background

- 1.1.1 KRCIPPL is a Company incorporated under the Companies Act, 1956, having its registered office at Plot No. C-30, Block 'G', Opp. SIDBI, Bandra-Kurla Complex, Bandra (East), Mumbai.
- 1.1.2 KRCIPPL and M/s. Gera Developments Pvt. Ltd. ("GERA"), under Section 3 of the Special Economic Zones Act, 2005 (28 of 2005) (hereinafter referred as "SEZ Act, 2005"), have jointly set up a sector specific Special Economic Zone (SEZ) for Information Technology and Information Technology Enabled Services (IT & ITeS SEZ) at Survey No. 65(p), Village Kharadi, Taluka Haveli, District Pune, Maharashtra, India.
- 1.1.3 KRCIPPL and GERA have been jointly notified as the Developer of the SEZ by the Ministry of Commerce & Industry (Department of Commerce) vide Notification No. S.O. 2203 (E) dated 19 June, 2017 and are jointly developing the said IT & ITeS SEZ.
- 1.1.4 In accordance with Section 14 (b) of the EA, 2003 read with Section 4(1) of the SEZ Act, 2005, KRCIPPL is a Deemed Distribution Licensee for supplying electricity to consumers in its SEZ area.
- 1.1.5 GERA issued a No Objection Certificate (NOC) to KRCIPPL undertaking the power distribution business. Hence, the Commission, after taking cognizance of the Notification issued by Ministry of Commerce and Industry and following the due regulatory process, took on record KRCIPPL's status as a deemed Distribution Licensee for Kharadi SEZ area vide Order dated 25 June, 2018 in Case No. 75 of 2018. The Commission notified the Specific Conditions of Distribution Licence for KRCIPPL on 27 September, 2018.
- 1.1.6 The operation of KRCIPPL as a Distribution Licensee commenced from 1 June, 2019, i.e., FY 2019-20. The Commission vide its Order dated 25 June, 2018 in Case No. 75 of 2018 allowed KRCIPPL to charge consumers in its licence area with MSEDCL's tariff applicable to the respective category of consumers, as a ceiling tariff, as an interim arrangement till the time the ARR and Tariff of KRCIPPL is approved.
- 1.1.7 KRCIPPL filed its MYT Petition in Case No. 329 of 2019 for the fourth Control Period for approval of Provisional Truing up of FY 2019-20, and projected ARR and Tariff for the period from FY 2020-21 to FY 2024-25. The Commission, after undertaking the due regulatory process, issued the MYT Order for KRCIPPL on 30 March, 2020.

In line with Regulation 5 of the MYT Regulations, 2019 and as per direction in MYT Order, KRCIPPL filed its MTR Petition on 30 November 2022. In response to the datagaps communicated to KRCIPPL and the issues identified during the discussion held on 22 December 2022, KRCIPPL submitted a Revised Petition on 7 January 2023.

1.2 Prayers of KRCIPPL are as follows:

- a) *"To approve the truing up and Revenue Gap/(Surplus) for FY 2019-20, FY 2020-21, and FY 2021-22 and recovery of the same through tariff, as proposed by KRCIPPL;*
- b) *To approve the provisional truing up and Revenue Gap/(Surplus) for FY 2022-23*

and recovery of the same through tariff, as proposed by KRCIPPL;

- c) To allow recovery of past Revenue Gaps/(Surplus) along with the carrying/(holding) cost as proposed by KRCIPPL;*
- d) To approve Capex and Capitalization as proposed in this Petition;*
- e) To approve the revised ARR for FY 2023-24 and FY 2024-25 and its recovery through revised tariff as proposed by KRCIPPL;*
- f) To determine the Petitioner's share of the Transmission Charges and MSLDC Charges, and consider the same while approving the ARR for KRCIPPL for FY 2023-24 and FY 2024-25;*
- g) To approve the additional Green Energy Tariff of Rs. 0.53/kWh to be charged to consumers desirous of procuring additional RE power over and above the RPO target for KRCIPPL;*
- h) To approve the composite Wheeling Charges for FY 2023-24 and FY 2024-25, as proposed by KRCIPPL;*
- i) To approve Retail Supply Tariff for FY 2023-24 and FY 2024-25 and the Tariff schedule, as proposed by KRCIPPL."*

1.3 Admission of Petition and Public Consultation Process

- 1.3.1 Based on the revised Petition submitted by KRCIPPL on 7 January, 2023 after incorporating the replies of data gaps, the Commission admitted the Petition on 11 January 2023. In accordance with Section 64 of the EA, 2003, the Commission directed KRCIPPL to publish its Petition in the prescribed abridged form and manner, to ensure public participation. The Commission also directed it to reply expeditiously to the suggestions and objections received.
- 1.3.2 KRCIPPL issued a Public Notice inviting suggestions and objections from the public on 13 January 2023 in the daily newspapers Business Standard (English) and Free Press Journal (English). The Public Notice was also published in Aapla Mahanagar (Marathi) and Navarashtra (Marathi) on 14.01.2023. KRCIPPL's Petition and its Executive Summary were made available for inspection or purchase at KRCIPPL's offices. The Petition was made available on KRCIPPL's website (www.krahejacorp.com) free of cost in downloadable format. The Executive Summary of the Petition and Public Notice were also made available on the website of the Commission (www.merc.gov.in) in downloadable format. Further, as directed by the Commission, KRCIPPL has informed its consumers through email about Tariff revision petition and timeline for filing suggestions / objections.
- 1.3.3 The Commission held a E-Public Hearing through video conferencing on 7 February 2023 at 11:00 hrs. The Commission had not received any written suggestions or objections from the Stakeholders. The list of persons at the Public Hearing is provided **at Appendix- II**.
- 1.3.4 The Commission has ensured that the due process contemplated under law to ensure transparency and public participation was followed at every stage and adequate opportunity was given to all concerned to express their views. No suggestions/ objections have been received and hence no separate chapter for that has been included in this Order.

1.4 Organisation of the Order

This Order is organised in the following Sections:

Section 1 provides a brief background of the quasi-judicial regulatory process undertaken by the Commission;

Section 2 deals with approval of Truing-up of ARR for FY 2019-20 to FY 2021-22;

Section 3 deals with approval of Provisional Truing-up of ARR for FY 2022-23;

Section 4 discusses the components of ARR for FY 2023-24 and FY 2024-25, and details the Commission's analysis and approval of the various components;

Section 5 deals with the Commission's Tariff Philosophy and the category-wise tariff applicable for the Period from FY 2023-24 and FY 2024-25, including determination of Wheeling Charges, Cross-Subsidy Surcharge and Cross Subsidy Trajectory;

Section 6 deals with the Schedule of Charges.

Section 7 summarises the Directives of the Commission and

Section 8 deals with the Applicability of the Order followed by the approved Tariff Schedule at **Annexure – III**.

2 TRUING-UP OF ARR FOR FY 2019-20 to FY 2021-22

2.1 Background

2.1.1 In the present Petition, KRCIPPL has sought final Truing-up of ARR for FY 2019-20 to FY 2021-22 in accordance with MYT Regulations, 2015 (FY 2019-20) and MYT Regulations, 2019 (FY 2020-21 and FY 2021-22) based on the actual expenditure and revenue as per the Audited Annual Accounts. KRCIPPL has also presented the comparison of expenditure and revenues approved by the Commission in MYT Order in Case No. 329 of 2019 vis-à-vis the audited performance. It has provided justifications for differences between the actual expenses vis-à-vis those approved in the MYT Order in Case No 329 of 2019.

2.1.2 While the truing up of the three (FY 2019-20 to FY 2021-22) years is being undertaken in the single section of the Order, there are certain differences in the provisions of the two MYT Regulations 2015 and 2019 governing the two (3rd – FY 2015-16 to FY 2019-20 and 4th – FY 2020-21 to FY 2024-25) control periods. Some of the key variation in the provisions of the two regulations are highlighted below:

- Return on Equity (RoE) for Distribution Wires and Supply Business:
 - The MYT Regulation, 2015 prescribes that the RoE capital for the Distribution Wires Business shall be allowed at the rate of 15.5 % per annum, and for the Retail Supply Business, it shall be allowed at the rate of 17.5 % per annum.
 - The MYT Regulation, 2019 prescribes that the RoE shall be allowed in two parts viz. Base RoE and Additional ROE linked to performance. Distribution Wire Business shall get Base RoE of 14% and additional RoE of 1.5% linked to Wire Availability. Whereas Retail Supply Business shall get base RoE of 15.5% and Additional RoE of 2% linked to lower assessed billing (1%) and collection efficiency (1%). The Regulations also prescribe that the Additional Return on Equity shall be allowed at the time of truing up for respective years based on actual performance, after prudence check of the Commission.
- Income tax for Distribution Wires and Supply Business
 - The MYT Regulations 2015 provide for approving actual income tax paid by the licensee subject to certain conditions prescribed in the Regulation.
 - The MYT Regulation, 2019 provides for approving income tax by allowing grossing up of the rate of RoE with the effective tax rate for the year and allowing pre-tax return on equity.
- Efficiency factor used for working out the permissible O&M expenses:
 - The MYT Regulation, 2015 did not specify any specific condition under which the 1% factor may not be applied while determining the O&M expenses.
 - The MYT Regulations, 2019 specify that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers of at least 2% annually over the last 3 years.

2.1.3 The Commission has appropriately considered these and all other variations in the provisions of the two Regulations while approving the ARR for the period FY 2019-20 to FY 2021-22.

2.1.4 The detailed analysis underlying the Commission’s approval for Truing-up of FY 2019-20 to FY 2021-22 is set out below.

2.2 Energy Sales

KRCIPPL’s Submission

2.2.1 The actual sales of KRCIPPL for FY 2019-20 is 5.17 MU which is higher than approved sales of 3.17 MU in the MYT Order. However, the actual energy sales for FY 2020-21 and FY 2021-22 is significantly lower at 9.60 MU and 14.20 MU as compared to the approved sales of 24.93 MU and 37.53 MU, respectively. The aforesaid sales have been lower in FY 2020-21 and FY 2021-22 due to the COVID-19 pandemic with its consequential restrictions on operations, and the practice of Work-from-Home (WFH) adopted by most of its consumers.

2.2.2 Accordingly, KRCIPPL has considered the actual sales for the purpose of the Truing up for FY 2019-20, FY 2020-21, and FY 2021-22 as outlined below:

Table 1: Category-wise Energy Sales for FY 2019-20 to FY 2021-22 submitted by KRCIPPL (MU)

Consumer Category & Consumption Slab	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
	(a)	(b)	(c)	(d)	(e)	(f)
HT Category						
HT-I	0	0	18.98	5.99	30.37	10.70
HT-II	1.8	3.57	3.94	1.03	3.94	0.47
HT-III	0.00	0.00	0.00	0.00	0.00	0.00
HT VIII (B)	0.98	1.16	0.00	0.00	0.00	0.00
Sub-total	2.78	4.73	22.92	7.02	34.31	11.17
LT Category						
LT-II (A)	0.00	0.00	0.00	0.00	0.00	0.01
LT-II (B)	0.09	0	2.01	1.15	3.22	0.40
LT-II (C)	0.3	0.40	0.00	0.00	0.00	0.00
LT-III (B)	0.00	0.00	0.00	1.43	0.00	2.61
LT VII (B)	0.00	0.03	0.00	0.00	0.00	0.00
Sub-total	0.39	0.44	2.01	2.58	3.22	3.03
Total (HT +LT)	3.17	5.17	24.93	9.60	37.53	14.20

Commission’s Analysis and Ruling

2.2.3 The Commission had approved the energy sales for FY 2019-20 to FY 2021-22 in MYT Order in Case No. 329 of 2019 as submitted by KRCIPPL in the Petition.

2.2.4 It is observed that reduction in sales and recovery in energy sales differ for each consumer

category depending on the nature of business. In case of HT-I Category and HT-II category the sales have reduced as compared to estimates for FY 2020-21 and FY 2021-22. Whereas, in LT III category sales has increased significantly compared to nil sales projected during the MYT Order. KRCIPPL in response to this query regarding the variations in the actual sales has submitted the following reasons for sales variation:

- a) KRCIPPL started Distribution Business on 1 June 2019. At that time there were no HT I connections in FY 2019-20. In FY 2020-21, new HT I category connections were released. Further connections having no IT/ITES certificate were categorised earlier in HT II category were also included in HT I category after getting IT/ITES certificate. Due to COVID 19 pandemic, sales have reduced and later gradually increased in FY 2021-22.
- b) 32 connections of one client M/s BARCLAYS GLOBAL SERVICE CENTRE PVT LTD were having no IT/ ITES certificate, so those connections were categorised under HT II category in FY 2019-20 and after getting the certificate, those connections have been categorised under HT I category.
- c) There was only one consumer in LT II A category in FY2021-22. LT II C (>50 kW) category has been merged in LT II B category as per MYT Order dated 30 March 2020. In LT II B commercial category, some consumers were having no IT/ITES certificate, so those connections were categorised under LT II category in FY 2020-21 and after getting the certificate, those connections have been categorised under LT III category. Some temporary connections are included in FY 2020-21. Hence there was reduction in sales in FY 2021-22.
- d) Due to Covid pandemic, sales reduced by about 50% in LT III B category and gradually increased in FY 2021-22.

2.2.5 KRCIPPL further stated that at the time of filing the MYT Petition, only baseline actual sales data was available for FY 2019-20, as the operations of KRCIPPL commenced only in June 2019. KRCIPPL has provided the following Building wise status of the SEZ area for the assessment of the Load of the Licensee:

Table 2: Building Wise Status of SEZ Area

Building No	Current Status of Construction	Actual Completion Month	Occupancy Status during FY 2019-20	Occupancy Status during FY 2020-21	Occupancy Status during FY 2021-22	Occupancy Status as of September, 2022	Current Load (Max) in kVA
G2	Completed	June-2019	100%	100%	100%	100%	2691.8
R1	Completed	Feb-2020	100%	100%	100%	100%	2746.06
R4	Completed	May-2020	51%	88%	96%	100%	2262.86
G1	Under construction	NA	NA	NA	NA	NA	NA

2.2.6 The Commission notes that, subsequent to the Covid-19 pandemic, there were no actual manpower working from the leased occupied space. Therefore, there has been reduction in actual sales compared to projected and approved sales in FY 2020-21 and FY 2021-22.

2.2.7 As per the provisions of the MYT Regulations, the variation in sales is uncontrollable factor. The Commission notes the submission of KRCIPPL that the building occupancy was not achieved as envisaged at the time of filing MYT Petition and also COVID-19 pandemic with its consequential restriction on /operations and the practice of work from

Home adopted by most of its consumers has impacted its sales. Further, mere occupancy in terms of continuation of lease agreements does not translate to sales, unless the employees actually work from the offices. Accordingly, the Commission approves the category-wise actual sales for Truing-up purpose as shown in the Table below:

Table 3: Category-wise actual Energy Sales for FY 2019-20 to FY 2021-22 approved by the Commission (MUs)

Consumer Category	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
	(a)	(b)		(c)	(d)		(e)	(f)	
HT Category									
HT-I	0	0	0	18.98	5.99	5.99	30.37	10.70	10.70
HT-II	1.8	3.57	3.57	3.94	1.03	1.03	3.94	0.47	0.47
HT-III	0	0	0	0	0	0	0	0	0
HT VIII (B)	0.98	1.16	1.16	0	0	0	0	0	0
Sub-total	2.78	4.73	4.73	22.92	7.02	7.02	34.31	11.17	11.17
LT Category									
LT-II (A)	0	0	0	0	0	0	0	0.01	0.01
LT-II (B)	0.09	0	0	2.01	1.15	1.15	3.22	0.40	0.40
LT-II (C)	0.3	0.40	0.40	0	0.00	0.00	0	0.00	0.00
LT-III (B)	0	0	0	0	1.43	1.43	0	2.61	2.61
LT VII (B)	0	0.03	0.03	0	0	0	0	0	0
Sub-total	0.39	0.44	0.44	2.01	2.58	2.58	3.22	3.03	3.03
Total	3.17	5.17	5.17	24.93	9.60	9.60	37.53	14.20	14.20

2.2.8 The Commission approves energy sales of 5.17 MU, 9.60 MU and 14.20 MU on the truing up of FY 2019-20, FY 2020-21, and FY 2021-22 respectively.

2.3 Distribution Loss

KRCIPPL’s Submission

2.3.1 KRCIPPL submitted that after considering the actual energy sales and the actual energy drawal at the interface point (T\leftrightarrowD Interface), the actual distribution loss for FY 2019-20, FY 2020-21, and FY 2021-22 works out to 2.11%, 2.34%, and 1.86% respectively. Input data has been considered as per the Deviation Settlement Mechanism (DSM) metering, as provided by MSLDC, for the period from October 2021 to March 2022, while the energy input data for the period from June 2019 to September 2021 is based on Availability Based Metering (ABT) data, as per the interface meter reading.

2.3.2 The Commission had approved Distribution Loss of 3.68% for FY 2019-20, 3% for FY 2020-21 and 2.75% for FY 2021-22 in the MYT Order dated 30 March, 2020. The actual Distribution Loss for FY 2019-20 to FY 2021-22 is lower than the approved by the Commission in the MYT Order. Distribution Losses are low, on account of only technical

loss in the system.

2.3.3 The Distribution Loss for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 4: Actual Distribution Loss for FY 2019-20 to FY 2021-22, as submitted by KRCIPPL

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Loss (%)	3.63	2.11	3.00	2.34	2.75	1.86

Commission’s Analysis and Ruling

2.3.4 In the MYT Order, the Commission had directed KRCIPPL to undertake a technical study to assess the actual distribution loss considering the No load losses on the transformers and provide the study report at the time of MTR submission along with the detailed calculation of distribution loss.

2.3.5 KRCIPPL has submitted the technical loss report for each month from April 2019 to September 2022 of the study carried out by PPS Energy Solutions. In that report HT Loading losses are computed on different loading conditions based on monthly consumptions. The load on each 22 KV feeder is bifurcated as per ABT meters available at KRCIPPL end and using the formula $3xI^2xRxL/1000$. HT losses have been calculated. Study Report also computed transformation loss which is equal to no load loss+ (% loading of transformer at full load)². Study report has considered LT loss limited to bus duct as the consumers are metered at LT Panel and computed by using formula $3xI^2xRxL/1000$. The total distribution losses for the respective months are computed based on above methodology. It is observed that the during light load conditions, transformation losses contributed the maximum in total losses which is mainly due to under loading of transformers. The share of transformation loss is 35% to 95% out of total loss. Line loss HT and LT contributed from 5% to 65%. The percentage of total distribution loss increased as the loading reduced from April 2020 onwards. Annual load loss is calculated based on the average loading of HT Lines, Transformer and LT cable up to metering point for each month from April 2019 to September 2022. KRCIPPL has claimed that its thermal loss is in the range of 1.40% to 2.87%.

2.3.6 The Commission notes that KRCIPPL has computed Distribution Loss for Truing-up of FY 2019-20 to FY 2021-22 considering its sales and energy input at T<>D interface. The Distribution Loss computed by KRCIPPL was lower than approved by the Commission in the MYT Order in Case No. 329 of 2020. The Commission observes that for computation of the actual distribution loss, the energy input data has been considered as per the DSM metering, as provided by MSLDC, for the period from October 2021 to March 2022. However, the energy input data for the period from June 2019 to September 2021 is based on ABT data, as per the interface meter reading. For the purpose of computation of Distribution Loss for Truing-up of FY 2019-20 to FY 2021-22, the Commission has considered energy input at DISCOM periphery i.e., T<>D interface as submitted by MSLDC and sales approved in this Order.

2.3.7 Considering the MSLDC data, the actual distribution losses are significantly lower than that submitted by KRCIPPL.

2.3.8 The Commission, in its MYT Order in Case No 329 of 2020 had provisionally approved the distribution loss in FY 2019-20. Further, the Commission has considered 3% as Distribution Loss for FY 2020-21 with reduction of 0.25% every year in Control Period and held that it will not consider any sharing of gains/losses during the final Truing-up. The actual distribution losses claimed are lower than the approved values in MYT Order.

2.3.9 Accordingly, Distribution Loss for FY 2019-20 to FY 2021-22, approved by the Commission is as follows:

Table 5: Actual Distribution Loss for FY 2019-20 to FY 2021-22 approved by Commission

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Loss (%)	3.63	2.11	2.11	3.00	2.34	2.34	2.75	1.86	1.86

2.3.10 In line with the stand taken in the MYT Order in Case No. 329 of 2020, the Commission has not considered any sharing of efficiency gain / loss.

2.4 Energy Balance

KRCIPPL’s Submission

2.4.1 KRCIPPL has considered the Energy Balance for FY 2019-20, FY 2020-21, and FY 2021-22 after taking into account the actual energy sales, actual Distribution Loss, actual power purchased and actual InSTS loss based on the State Grid Loss account maintained by the Maharashtra State Load Despatch Centre (MSLDC).

2.4.2 The Commission had approved InSTS losses of 3.18% for each year from FY 2019-20 to FY 2021-22. However, the actual InSTS losses in FY 2019-20, FY 2020-21, and FY 2021-22 were 3.17%, 2.94%, and 3.19%, respectively, as recorded by MSLDC for the respective year.

2.4.3 The Energy Balance submitted by KRCIPPL is as shown in the following Table:

Table 6: Energy Balance for FY 2019-20 to FY 2021-22as submitted by KRCIPPL

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Energy Sales (MU)	3.18	5.17	24.92	9.60	37.53	14.20
Distribution loss (%)	3.63%	2.11%	3.00%	2.34%	2.75%	1.86%
Energy Requirement at T<D (MU)	3.30	5.28	25.70	9.83	38.59	14.46
Intra-State Transmission Loss (%)	3.18%	3.12%	3.18%	2.94%	3.18%	3.19%
Energy Requirement at G<T (MU)	3.41	5.45	26.54	10.13	39.86	14.94

Order on KRCIPPL’s Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Total Purchase at State Periphery (MU)	4.24	6.34	26.54	10.75	39.86	14.86
Less: Surplus Energy Traded (MU)	-	-	-	-	-	-
Imbalance Pool+DSM (MU)	(0.84)	(0.89)	-	(0.63)	-	0.08
Total Energy Purchased	3.40	5.45	26.54	10.13	39.86	14.94

Commission’s Analysis and Ruling

- 2.4.4 With regards to the clarification sought on consideration of InSTS loss from FY 2019-20 to FY 2021-22, KRCIPPL submitted the supporting documents for annual energy input data.
- 2.4.5 The Commission is of the view that the energy balance has to be undertaken considering the actual InSTS loss declared by MSLDC which is also used by MSLDC for the purpose of Energy Accounting. Accordingly, the Commission has considered the actual InSTS loss provided by MSLDC for truing up of FY 2019-20 to FY 2021-22. KRCIPPL has also taken same InSTS losses.
- 2.4.6 Based on the above analysis, the Commission approves the Energy Balance for the period FY 2016-17 to FY 2018-19 as given in the Table below:

Table 7: Energy Balance for FY 2019-20 to FY 2021-22 approved by the Commission

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Energy Sales (MU)	3.17	5.17	5.17	24.93	9.60	9.60	37.53	14.20	14.20
Distribution loss (%)	3.63%	2.11%	2.11%	3.00%	2.34%	2.34%	2.75%	1.86%	1.86%
Energy Requirement at T\leftrightarrowD (MU)	3.30	5.28	5.28	25.70	9.83	9.83	38.59	14.46	14.46
Intra-State Transmission Loss (%)	3.18%	3.12%	3.12%	3.18%	2.94%	2.94%	3.18%	3.19%	3.19%
Energy Requirement at G<math>\leftrightarrow</math>T (MU)	3.41	5.45	5.45	26.54	10.13	10.13	39.86	14.94	14.94
Total Purchase at State Periphery (MU)	3.40	5.45	5.45	26.54	10.13	10.13	39.86	14.94	14.94
Less: Surplus Energy Traded (MU)	-	-	-	-	-	-	-	-	-
Imbalance Pool (MU)	(0.84)	(0.89)	(0.89)	-	(0.63)	(0.63)	-	0.26	0.26
Total Energy Purchased	2.56	4.56	4.56	26.54	9.50	9.50	39.86	15.20	15.20

2.5 Power Procurement Cost

KRCIPPL's Submission

2.5.1 The power purchase cost of KRCIPPL includes the purchase from conventional sources for meeting its Base Load and Peak Load requirement, Renewable Purchase Obligation (RPO), net purchase from Imbalance Pool, and sale of surplus power made during the year, if any.

Power Purchase for Base Load and Peak Load

2.5.2 KRCIPPL had entered into Short-Term Power Purchase Agreement (PPA) for 2 MW with M/s Mindspace Business Parks Private Ltd. (MBPPL) for meeting both the Base Load demand and the Peak Load demand for a period of six months from 1 June 2019 to 30 November 2019, based on rates discovered through competitive bidding as approved by the Commission. The said PPA expired in November 2019, i.e., during FY 2019-20. Thereafter, PPA was signed with M/s. GMR Energy Trading Limited (GMRETL) for same demand for a period of six Months (From 1 December 2019 to 31 May, 2020).

2.5.3 After its PPA with GMRETL expired, KRCIPPL entered into PPA with M/s Kreate Energy (I) Pvt Ltd (KEIPL) for the period of 1 June, 2020 to 31 March, 2021 through competitive bidding. After that, from April to June 2021, KRCIPPL entered into PPA with M/s Manikaran Power Limited.

2.5.4 Gigaplex Estate Private Limited (GEPL) . MBPPL, and KRCIPPL (jointly referred as KRC DISCOMs) submitted a Petition seeking the Commission's approval for undertaking combined Power Purchase Agreement (PPA) for the period from FY 2021-22 to FY 2024-25 in Case No. 231 of 2020. The Commission, vide its Order dated 23 January 2021, approved the above-said proposal of KRC DISCOMs.

2.5.5 Accordingly, KRC DISCOMs undertook the combined power procurement process through competitive bidding to procure short-term power up to 14 MW (share of MBPPL 6.5 MW, share of GEPL 4.5 MW, and share of KRCIPPL 3 MW). After completion of the competitive bidding process M/s KEIPL, a Trading Licensee, emerged as the lowest bidder, with a rate of Rs. 3.18/kWh. Based on the Petition filed by KRC DISCOMs, the Commission adopted the above-discovered tariff and approved the PPA between KRC DISCOMs and KEIPL, vide its Order dated 30th June 2021 in Case No. 69 of 2021. The PPA between KRC DISCOMs and KEIPL was valid for a period of 1 year, from July 1, 2021 to June 30, 2022.

2.5.6 Accordingly, for the purpose of Truing up for FY 2019-20, FY 2020-21, and FY 2021-22, KRCIPPL has considered the actual power purchase quantum and cost from GMRETL, MBPPL, KEIPL and Manikaran power.

Power Purchase from Power Exchange at market rates and Exchange-linked rates

2.5.7 During FY 2020-21 and FY 2021-22, KRCIPPL had purchased power from Power Exchange at market rates and exchange-linked rates in certain months. Further, during FY 2021-22, in the month of October 2021, there was shortfall in power availability from Kreate Energy, as a consequence of which, KRCIPPL had to purchase costly power from

the Power Exchange at Exchange-linked rates. KRCIPPL has adjusted the Liquidated Damages (LD) for the non-supply of power in accordance with the terms of the PPA, from the amount payable to Kreate Energy, and the same benefit has been passed on to the consumers, as reduction in power purchase cost.

- 2.5.8 Further, in this context, the KRC DISCOMs had filed a Petition in Case No. 1 of 2022, seeking recovery of the additional power purchase cost incurred by KRC DISCOMs on account of non-supply of power by Kreate Energy during this period. The Commission issued its Order dated 8 November 2022, wherein the Commission has ruled as under:

*“ 24.16 The Electricity Act, 2003 mandates the Commission to protect the interest of consumers at the same time allow recovery of cost of electricity in reasonable manner. In present case, by diverting contractual power to third party, LMEL/KEIPL have acted against the spirit of the contractual provisions and earned undue benefit at the cost of consumers of the Petitioners. Hence, by using its regulatory power, **the Commission deems it fit to direct KEIPL to compensate the Petitioners for excess power purchase expenses of Rs. 1.96 Crore incurred because of diversion of its contracted power. KEIPL shall make such payment to the Petitioners within 15 days from date of this Order.***

24.18 While giving above ruling the Commission is conscious of the fact that Petitioners in its Petition has not sought any relief against KEIPL and LMEL. But for the reasons explained above, after giving opportunity of being heard to KEIPL and LMEL, the Commission has issued above Order. After having established that gaming has happened, allowing the LMEL/KEIPL to retain undue benefit would be against the consumer interest.

*24.19 In view of above ruling, relief sought in the present petition i.e. allowing such additional expenses as pass through to consumer through FAC mechanism becomes infructuous. However, the Commission notes that FAC mechanism for SEZs allows levy of variation in power purchase cost on monthly basis subject to post facto vetting by the Commission. During pendency of this case, said additional expenses must have been levied to **consumers through FAC. Therefore, instead of reversing all such FAC computation, the Commission directs that once KEIPL has paid the amount as directed above, same shall be adjusted as rebate in upcoming FAC computation.**”(emphasis added).*

- 2.5.9 KRCIPPL is yet to receive this amount of compensation from Kreate Energy, and hence, not adjusted the same against the power purchase cost of FY 2021-22.

Renewable Purchase Obligation(RPO)

- 2.5.10 KRCIPPL has considered the RPO targets for FY 2019-20, FY 2020-21, and FY 2021-22 as specified in the MERC (RPO) Regulations, 2016 [MERC RPO Regulations, 2016] and MERC RPO Regulations, 2019.

- 2.5.11 To meet RPO target for FY 2019-20 to FY 2021-22, KRCIPPL has purchased RECs. In FY 2021-22, KRCIPPL has purchased Solar power and Non-Solar power from Green Day Ahead Market (GDAM)/ Green Term Ahead Market (GTAM) in the Power Exchange. KRCIPPL has also submitted copy of RPO Compliance Verification report to the

Commission which was earlier submitted to MEDA.

2.5.12 KRCIPPL had filed a Petition in Case No. 46 of 2021 before the Commission seeking carry forward of the RPO shortfall for FY 2020-21 to FY 2021-22 and FY 2022-23 and not to levy any penalty, as provided in the Regulation 12.3 of the RPO-REC Regulations 2019, for the RPO shortfall in FY 2020-21. The Commission, vide its Common Order dated 7 September, 2022 in Case No. 45, 46 and 47 while noting the difficulties faced by KRC DISCOMs for non-achievement of RPO Compliance targets for FY 2020-21, ruled that, as per Regulation 12.3 of the RPO - REC Regulations 2019, RPO shortfall for FY 2020-21 and FY 2021-22 can be carried forward to FY 2022-23 for meeting it on cumulative basis. However, Distribution Licensee will be subjected to penalty of Rs. 0.10/kWh for not achieving cumulative shortfall in each year. Said penalty amount can be reconsidered by the Commission during RPO compliance verification process, if Distribution Licensee demonstrates that it has taken all possible efforts to meet RPO.

2.5.13 Further, while disposing of the Petitions, the Commission had ruled that, the RPO Compliance verification process for FY 2020-21 to FY 2021-22 under RPO Regulations 2019 will be conducted as part of MTR process under MYT Regulations 2019. At that time, the KRC DISCOMs are at liberty to pray for waiver of the penalty after demonstrating their efforts. KRCIPPL submitted that it has fulfilled the cumulative RPO target till FY 2021-22. Accordingly, KRCIPPL has requested the Commission to waive off the penalty, as the cumulative RPO targets have been achieved .

2.5.14 The below Table shows the yearly entitlement of RPO, RPO fulfilled and shortfall in RPO for FY 2020-21 and FY 2021-22:

Table 8: RPO achievement by KRCIPPL - FY 2020-21 and FY 2021-22

Particulars	FY 2019-20		FY 2020-21		FY 2021-22		Cumulative	
	%	MU	%	MU	%	MU	%	MU
Gross Energy Consumption (GEC)	100%	5.28	100%	9.83	100%	14.467	100%	29.57
Solar RPO								
Target	3.50%	0.18	4.50%	0.44	6.00%	0.87	5.06%	1.49
Achievement	0.00%	0.00	0.16%	0.02	2.07%	0.30	1.07%	0.32
Shortfall/(Surplus)	3.50%	0.18	4.34%	0.43	3.93%	0.57	3.99%	1.18
Non-Solar RPO								
Target	11.50%	0.61	11.50%	1.13	11.50%	1.66	11.50%	3.40
Achievement	0.00%	0	0.00%	0.00	33.63%	4.87	16.45%	4.87
Shortfall/(Surplus)	11.50%	0.61	11.50%	1.13	-22.13%	-3.20	-4.95%	-1.47
Total RE to be procured as per the Target	15.00%	0.79	16.00%	1.57	17.50%	2.53	16.56%	4.90
Total Actual RE Procured	0.00%	0.00	0.16%	0.02	35.71%	5.17	17.52%	5.18

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20		FY 2020-21		FY 2021-22		Cumulative	
	%	MU	%	MU	%	MU	%	MU
Total Shortfall/(Surplus)	15.00%	0.79	15.84%	1.56	-18.21%	-2.63	-0.97%	-0.29

Imbalance Pool

2.5.15 KRCIPPL has considered the actual cost of net (increment)/decrement from Imbalance Pool/DSM for FY 2019-20, FY 2020-21, and FY 2021-22 based on FBSM bills/DSM bills received from MSLDC and the quantum of energy under Imbalance Pool based on the difference between the energy input as per MSLDC and the actual source-wise purchase by KRCIPPL.

Cost not considered in FAC Submissions:

2.5.16 KRCIPPL submitted that it has inadvertently not considered Power exchange NOC Application fee of Rs 0.01 Crore for FY 2020-21 in its FAC submissions.

2.5.17 KRCIPPL has also not considered scheduling charges of Rs. 0.07875 Crore in FY 2020-21.

2.5.18 Thus, KRCIPPL requested the Commission to consider these charges while approving power purchase cost of FY 2020-21 and FY 2021-22.

2.5.19 The actual power purchase quantum and cost for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 9: Power Purchase Cost for FY 2019-20 to FY 2021-22 submitted by KRCIPPL

Particulars	Source of Power	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Power Purchase Quantum (MU)	GMR Energy Trading Ltd.-Base	1.62	3.54	2.92	1.80	39.86	-
	GMR Energy Trading Ltd.-Peak	-	-	-	-	-	-
	Bilateral MBPPL	2.62	2.8	-	-	-	3.31
	Other Medium Sources	-	-	-	-	-	-
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	-	0.07	-	0.99
	Kreate Short Term	-	-	23.62	8.89	-	9.89
	Solar Purchase	-	-	-	-	-	-
	Non-Solar Purchase	-	-	-	-	-	0.15
	Solar REC Purchase	-	-	-	-	-	0.51
	Non-Solar REC Purchase	-	-	-	-	-	-
	Unscheduled Interchange	-	-	-	-	-	-
	Imbalance Pool/DSM	-0.84	-0.89	-	-0.63	-	0.26
	DSM	-	-	-	-	-	-0.18
	Power exchange charges	-	-	-	-	-	-
Re-Scheduling Charges	-	-	-	-	-	-	

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	Source of Power	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
		3.40	5.45	26.54	10.13	39.86	14.94
Power Purchase Cost (Rs. crore)	GMR Energy Trading Ltd.- Base	0.75	1.74	1.35	0.84	15.62	
	GMR Energy Trading Ltd.- Peak						
	Bilateral MBPPL	1.27	1.45				1.12
	Other Medium Sources						
	Purchase of additional power (Exchange)/Other Peak Sources				0.02		0.83
	Kreate Short Term	-	-	11.06	3.23	-	3.11
	Solar Purchase	-	-	0.12	-	0.24	0.14
	Non-Solar Purchase	-	-	0.31	-	0.46	0.38
	Solar REC Purchase	0.03					
	Non-Solar REC Purchase	0.06					0.45
	Unscheduled Interchange	-	0.002			-	-
	Imbalance Pool/DSM	-				-	-0.08
	DSM	-	-	-	-	-	-0.05
	Power exchange charges	-	-	-	0.01	-	0.01
	Re-Scheduling Charges	-	-	-	-	-	-
		2.11	3.19	12.83	4.09	16.32	5.90
Per unit cost (Rs. / kWh)	GMR Energy Trading Ltd.- Base	4.63	4.92	4.63	4.66	3.92	-
	GMR Energy Trading Ltd.- Peak	-	-	-	-	-	-
	Bilateral MBPPL	4.84	5.18	-	-	-	3.38
	Other Medium Sources	-	-	-	-	-	-
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	-	2.87	-	8.35
	Kreate Short Term	-	-	4.68	3.63	-	3.14
	Solar Purchase	-	-	-	-	1.00	8.83
	Non-Solar Purchase	-	-	-	-	1.00	7.42
	Solar REC Purchase	-	-	1.00	-	-	-
	Non-Solar REC Purchase	-	-	1.00	-	-	1.02
	Unscheduled Interchange	-	-	-	-	-	-
	Imbalance Pool/DSM	-	-	-	-	-	-
	DSM	-	-	-	-	-	2.69
	Power exchange charges	-	-	-	-	-	-
	Re-Scheduling Charges	-	-	-	-	-	-
		6.21	5.86	4.82	4.04	4.09	3.95

Commission's Analysis and Ruling

Power Purchase for Base Load and Peak Load

2.5.20 The Commission observes that the short term and medium-term power procured by KRCIPPL is based on the PPAs entered through competitive bidding process and at rate adopted by the Commission through its various Orders. Summary of approved sources of power, quantum and rate is outlined in the Table below:

Table 10: Approval of Power Procurement and adoption of Tariff for FY 2019-20 to FY 2021-22

FY	Period	Time Slot	Quantum MW	Rate Rs. /kWh	Seller	Delivery Point	MERC Order – Case No. and Date
2019-2020	1 Apr,19 to 30 Sep,19	00:00 to 24:00 hrs	2	4.84	MBPPL	Maharashtra State Periphery	Case No.73 of 2019 dated 26 March 2019
2019-2020	1 Oct'19 to 30 Nov,19	00:00 to 24:00 hrs	2	4.84	MBPPL	Maharashtra State Periphery	Surplus Power of MBPPL
2019-2020	1 Dec,19 to 31 May,20	00:00 to 24:00 hrs	2	4.63	GMERTL	Maharashtra State Periphery	Case No.293 of 2019 dated 22 November 2019
2020-2021	1 June,20 to 31 Mar,21	00:00 to 24:00 hrs and 08:00 to 23:00 hrs	Up to 5 MW up to 3 MW RTC and up to 2MW between 08:00 to 23:00 hrs	3.62	KEIPL	Maharashtra State Periphery	Commission has approved the GMRETL as a source for the whole FY 2021 and discovered rate for KEIPL is lower than earlier approved Rates of GMR Rs.4.63/kWh. Hence, no separate Commission order is issued.
2021-2022	1 Apr,21 to 30 June,21	00:00 to 24:00 hrs and 07:00 to 21:00 hrs	Up to 4 MW up to 2 MW RTC and up to 2 MW between 07:00 to 21:00 hrs	3.39	Manikaran (MPL)	Maharashtra State Periphery	No separate order as discovered tariff is lower than approved tariff under MYT order Case No. 231 of 2020 date 23 January 2021
2021-2022	1 July,21 to 30 June,22	00:00 to 24:00 hrs and 07:00 to 21:00 hrs	Up to 3 MW up to 2 MW RTC and up to 1 MW between 07:00 to 21:00 hrs	3.18	KEIPL	Maharashtra State Periphery	Case No.69 of 2021 dated 30 June 2021

2.5.21 The Commission had sought clarification in respect of yearly utilisation of tied-up power quantum along with details of relevant clause in PPA which highlights the elements like minimum load guarantee and implication of the same with respect to fixed charges or any

other charges. In reply, KRCIPPL stated that as per standard clause for short term PPA there is a liquidated damages applicable in case of procurer or supplier deviate more than 15% of the contracted energy for which open access has been allocated on monthly basis. As submitted in the Petition in FY 2020-21 and 2021-22 that sales were impacted due to COVID-19 and based on the actual load KRCIPPL applied for the monthly application which was lower than the contracted capacity and had not paid any implication of liquidation charges.

- 2.5.22 The Commission observed that Average cost of power purchase from KEIPL was Rs. 3.63/ kWh in FY 2020-21 which reduced to Rs. 3.14/ kWh in FY 2021-22. In FY 2020-21, KRCIPPL has incurred Rs. 6.8 Lakh of scheduling charges for purchase of 8.89 MU of energy from KEIPL. However, in FY 2021-22, KRCIPPL has incurred Rs. 5.7 Lakh of scheduling charges for purchase of 9.89 MU of energy from KEIPL. This is attributed to lower sales during the COVID times which led to high scheduling charges.
- 2.5.23 Also, in FY 2021-22, KRCIPPL had purchased 0.99 MU of power from additional sources at relatively much higher rate of Rs. 8.35/ kWh due to non-availability of power from KEIPL.
- 2.5.24 In reference to power purchase from KEIPL in FY 2021-22, for the period when power was not made available, the Commission in its Order dated 1 November 2022 in Case No. 1 of 2022 has already directed KEIPL to compensate KRC Discoms for increased power purchase expenses. The Commission notes that KEIPL has challenged the Order of the Commission before the Hon’ble Appellate Tribunal for Electricity (ATE) and based on interim Order of the ATE, it has paid partial amount to KRC Discoms in FY 2022-23. However, as said amount Rs. 2,20,515/- is pertaining to FY 2021-22, the Commission has considered the same in FY 2021-22 itself.
- 2.5.25 The Commission has noted the justification provided by KRCIPPL for such higher rate of power purchase. On scrutinising the submissions made by KRCIPPL and analysing the data as per the details submitted by KRCIPPL, the Commission approves the cost power purchase quantum and cost for base load and peak load the period from FY 2019-20 to FY 2021-22 mentioned in Table 13 below:

Imbalance Pool

- 2.5.26 After analysis of details related to FBSM bills submitted by KRCIPPL, the Commission approves the cost related to imbalance pool quantum for FY 2019-20 to FY 2021-22. KRCIPPL was asked to provide the break-up of DSM charges and ADSM charges for the true-up years, in response, KRCIPPL has submitted the following:

Table 11: Breakup of DSM and ADSM charges submitted by KRCIPPL for FY 2021-22

Month	Sum of Base Deviation Charges (Rs.)	Sum of Addl. Charges for Deviation (Rs.)
Oct-2021	-71787	72
Nov-2021	-13678	0
Dec-2021	-240719	0
Jan-2022	-333835	0
Feb-2022	3286	0
Mar-2022	156745	21178

Month	Sum of Base Deviation Charges (Rs.)	Sum of Addl. Charges for Deviation (Rs.)
Grand Total	-472632	21250

2.5.27 KRCIPPL further submitted that in the Petition it has inadvertently claimed the amount of Rs. 4,72,557/- under the heading “DSM” for FY 2021-22 in the as Base Deviation charges and requested for correction. The correct amount as per the submitted invoice is Rs. 4,72,632 /-. The Commission has considered this corrected amount of Rs. 4,72,632 /- while computing the relevant charges.

2.5.28 Regulation 55.1 of MYT Regulations 2019 states that Additional charges for deviation paid or earned by the Distribution Licensee shall not be recoverable from the Beneficiary through tariff and accordingly, KRCIPPL has not claimed the amount of Rs. 21,250/- in its MTR Petition and the same has not been considered by the Commission in its analysis.

Renewable Purchase Obligation

2.5.29 The Commission had sought the details of the yearly entitlement of RPO, RPO fulfilled and shortfall / surplus in RPO for FY 2019-20 to FY 2021-22. RPO relates to obligation on purchase of Renewable Energy and thus calculated on the basis of Energy requirement at $G < T$ periphery. The RPO settlement as approved by the Commission is given in the table below:

Table 12: RPO Settlement for FY 2019-20 to FY 2021-22 as approved by the Commission:

RPO Targets & Achievement	Units	FY 2019-20	FY 2020-21	FY 2021-22
Total Energy Requirement	MU	5.45	10.13	14.94
Solar RPO target	%	3.50%	4.50%	6.00%
Solar RPO target	MU	0.19	0.46	0.90
Solar RPO Achievement	MU	0.00	0.02	0.30
Solar RPO Shortfall/(Surplus)	MU	0.19	0.44	0.60
Non-Solar RPO target	%	11.50%	11.50%	11.50%
Non-Solar RPO target	MU	0.63	1.16	1.72
Non-Solar RPO Achievement	MU	-	-	4.87
Non-Solar RPO Shortfall/(Surplus)	MU	0.63	1.16	(3.15)
Total RPO target (MU)	MU	0.82	1.62	2.62
Total RPO Achievement (MU)	MU	-	0.02	4.87
RPO Shortfall / (Surplus)	MU	0.82	1.62	(2.25)

2.5.30 KRCIPPL is directed to meet cumulative shortfall in RPO by March 2025.

2.5.31 The Commission approves power purchase cost on Truing-Up of ARR for FY 2019-20 to FY 2021-22 as given in the Table below:

Table 13: Power Purchase Cost approved by Commission

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	Source of Power	FY 2019-20			FY 2020-21			FY 2021-22		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Power Purchase Quantum (MU)	GMR Energy Trading Ltd.-Base	1.62	3.54	3.54	2.92	1.80	1.80	39.86	-	-
	GMR Energy Trading Ltd.-Peak	-			-			-	-	-
	Bilateral MBPPL	2.62	2.8	2.8	-			-	3.31	3.31
	Other Medium Sources	-	-	-	-					
	Purchase of additional power (Exchange)/Other Peak Sources	-	-	-	-	0.07	0.07		0.99	0.99
	Kreate Short Term	-	-	-	23.62	8.89	8.89	-	9.89	9.89
	Solar Purchase	-	-	-	-	-	-	-		
	Non-Solar Purchase	-	-	-	-	-	-	-	0.15	0.15
	Solar REC Purchase	-	-	-	-	-	-	-	0.51	0.51
	Non-Solar REC Purchase	-	-	-	-	-	-	-	-	-
	Unscheduled Interchange		-	-	-	-	-	-	-	-
	Imbalance Pool/DSM	0.84	-0.89	-0.89	-	-0.63	-0.63	-	0.26	0.26
	DSM	-	-	-	-	-	-	-	-0.18	-0.18
	Power exchange charges	-	-	-	-	-	-	-	-	-
Re-Scheduling Charges	-	-	-	-	-	-	-	-	-	
		3.40	5.45	5.45	26.54	10.13	10.13	39.86	14.94	14.94
Power Purchase Cost (Rs. crore)	GMR Energy Trading Ltd.-Base	0.75	1.74	1.74	1.35	0.84	0.84	15.62		
	GMR Energy Trading Ltd.-Peak									
	Bilateral MBPPL	1.27	1.45	1.45					1.12	1.12

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	Source of Power	FY 2019-20			FY 2020-21			FY 2021-22		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
	Other Medium Sources									
	Purchase of additional power (Exchange)/Other Peak Sources					0.02	0.02		0.83	0.83
	Kreate Short Term	-	-	-	11.06	3.23	3.23	-	3.11	3.11
	Solar Purchase	-	-	-	0.12	-	-	0.24	0.14	0.14
	Non-Solar Purchase	-	-	-	0.31	-	-	0.46	0.38	0.38
	Solar REC Purchase	0.03								
	Non-Solar REC Purchase	0.06							0.45	0.45
	Unscheduled Interchange	-	0.002	0.002				-	-	-
	Imbalance Pool/DSM	-						-	-0.08	-0.08
	DSM	-	-	-	-	-	-	-	-0.05	-0.05
	Power exchange charges	-	-	-	-	0.01	0.01	-	0.01	0.01
	Re-Scheduling Charges	-	-	-	-	-	-	-	-	-
	Penalty paid by KEIPL	-	-	-	-	-	-	-	-	(0.02)
		2.11	3.19	3.19	12.83	4.09	4.09	16.32	5.90	5.88
Per unit cost (Rs. / kWh)	GMR Energy Trading Ltd.- Base	4.63	4.92	4.92	4.63	4.66	4.66	3.92	-	-
	GMR Energy Trading Ltd.- Peak	-	-	-	-	-	-	-	-	-
	Bilateral MBPPL	4.84	5.18	5.18	-	-	-	-	3.38	3.38
	Other Medium Sources	-	-	-	-	-	-	-	-	-
	Purchase of additional power (Exchange)/O	-	-	-	-	2.87	2.87	-	8.35	8.35

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	Source of Power	FY 2019-20			FY 2020-21			FY 2021-22		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
	ther Peak Sources									
	Kreate Short Term	-	-	-	4.68	3.63	3.63	-	3.14	3.14
	Solar Purchase	-	-	-	-	-	-	1.00	8.83	8.83
	Non-Solar Purchase	-	-	-	-	-	-	1.00	7.42	7.42
	Solar REC Purchase	-	-	-	1.00	-	-	-	-	-
	Non-Solar REC Purchase	-	-	-	1.00	-	-	-	1.02	1.02
	Unscheduled Interchange	-	-	-	-	-	-	-	-	-
	Imbalance Pool/DSM	-	-	-	-	-	-	-	-	-
	DSM	-	-	-	-	-	-	-	2.69	2.69
	Power exchange charges	-	-	-	-	-	-	-	-	-
	Re-Scheduling Charges	-	-	-	-	-	-	-	-	-
		6.21	5.86	5.86	4.82	4.04	4.04	4.09	3.95	3.93

2.5.32 Accordingly, the Commission approves the average power purchase cost of Rs. 5.86/kwh, Rs. 4.04/kwh and Rs. 3.93/kwh on truing up of FY 2019-20, FY 2020-21, and FY 2021-22, respectively.

2.6 Transmission Charges and MSLDC Charges

KRCIPPL's Submission

2.6.1 The Commission in the MYT Order approved the Intra-State Transmission Charges and MSLDC Charges in accordance with the Commission's Order dated 30 March 2020 in Case No. 327 of 2019 determining the InSTS Tariff, and Order dated 30 March 2020 in Case No. 291 of 2019 determining the MSLDC Charges.

2.6.2 The InSTS Charges and the MSLDC Charges paid by KRCIPPL for the period FY 2019-20 to FY 2021-22 is given in the Table below:

Table 14: InSTS Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Intra-State Transmission Charges	0.122	0.00	1.600	1.551	1.580	1.544

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
MSLDC Charges	0.069	0.00	0.008	0.008	0.007	0.007

Note: KRCIPPL was not pool participant in FY 2019-20, hence, no invoices have been received from STU/SLDC. KRCIPPL has received invoices for InSTS charges and SLDC operating charges from MBPPL (June to Nov'2019) and GMR (Dec'2019 to March'2020) and said charges are included under bilateral transaction of MBPPL and GMR, respectively. Hence, these amounts have not been included in above Table to avoid double-counting.

2.6.3 KRCIPPL has requested the Commission to approve the actual InSTS Charges and MSLDC Charges in the truing up of ARR for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table.

Commission’s Analysis and Ruling

2.6.4 The Commission has verified the InSTS Charges payable by KRCIPPL on the basis of relevant Intra-state Transmission Orders and MSLDC Order.

2.6.5 The difference in MYT approved charges and actual charges incurred by KRCIPPL is on account of rounding off the figures of InSTS monthly charges. The Commission approves KRCIPPL’s approach of non-consideration of the InSTS charges and SLDC charges for the FY 2019-20 to avoid double counting.

2.6.6 Accordingly, the Commission approves the actual InSTS Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 as given in the Table below.

Table 15: InSTS Charges and MSLDC Charges for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Intra-State Transmission Charges	0.122	0.00	0.00	1.600	1.551	1.551	1.580	1.544	1.544
MSLDC Charges	0.069	0.00	0.00	0.008	0.008	0.008	0.007	0.007	0.007

2.7 Operation and Maintenance Expenses

KRCIPPL’s Submission

2.7.1 The Commission, in the MYT Order, approved O&M expenses of Rs. 1.04 Crore for FY 2019-20, Rs. 1.19 Crore for FY 2020-21, and Rs. 1.42 Crore for FY 2021-22.

2.7.2 However, for the 4th Control Period, the Commission had not shared the employee expenses based on the approved sales of each of the three Distribution Licensees. The Commission applied normative escalation rates on the approved employee expenses of FY 2019-20, separately, for all three Distribution Licensees till the end of 4th Control Period. The approach adopted by the Commission was in accordance with the MERC MYT Regulations, 2019, which specifies that the normative O&M expenses for FY 2019-20

shall be considered as the base and escalated by the applicable escalation factor to determine the O&M expenses for each Year of the Control Period. However, the resultant ratio of employee expenses approved for the three Distribution Licensees for the 4th Control Period, was not in alignment with the equitable ratio for all years of 4th Control Period.

2.7.3 KRCIPPL had filed Review Petition highlighting the concern and the Commission in its Order in Case No. 87 of 2020 on this Review Petition ruled as under:

“As there is no error, the Commission is not inclined to review its MYT Order relating to O&M Expenses (which include Employee Expenses) for 4th Control Period. At the same time, the Commission also takes note of KRCIPPL’s argument that such projected O&M Expenses may lead to cross-subsidization of Employee Expenses of one Distribution Licensee by other Distribution Licensee. Although this is not a desirable situation, the Commission cannot comment on it based on assumption about future growth of the three licensees without scrutinizing actual data. Moreover, the Commission is aware of the large variations i.e. reduction by 47% for GEPL and 11% for MBPPL in the similar assumptions made in the third control period in the sales (and hence the power purchase) of the same group companies (SEZ). KRCIPPL may raise this issue for equitable allocation of Employee Expense amongst its three Distribution Licensees (SEZs) at the time of true-up during Mid Term Review proceeding with actual data and supporting justification.”(emphasis added)

2.7.4 Hence, KRCIPPL has computed the revised normative O&M expenses for KRC DISCOMs considering the allocation of employee expenses in proportion to the actual sales. The issue of equitable allocation is relevant only for employee expenses and not to the other two components of O&M expenses, viz., A&G expenses and R&M expenses. Hence, KRCIPPL computed the employee expenses effectively approved by the Commission in the MYT Order and the restated employee expenses allowable on the basis of share of sales. Only the allocation of allowable employee expenses has been restated between the three KRC DISCOMs, and the overall employee expenses and O&M expenses are the same as approved by the Commission in the MYT Order.

2.7.5 As the break-up of employee expenses and other components is available for FY 2019-20, approved employee expenses for the Wires Business and Supply Business for FY 2019-20 have been escalated by the same escalation rates applied by the Commission at the time of the MYT Order, to compute the revised allowable employee expenses. However, in order to ensure that the approved employee/O&M expenses are reflected as approved in the MYT Order, KRCIPPL has shown the impact of the restated employee expenses based on share of sales, separately in the Model as well as the Petition, as under:

Table 16: Impact of restatement of O&M (Employee) Expenses

Particulars	FY 2020-21			FY 2021-22		
	MYT Order	Restated	Impact	MYT Order	Restated	Impact
Wires Business						
O&M Expenses	0.75	0.79	0.04	0.77	1.01	0.24
Sharing of gains/(losses)	0.00	0.01	0.01	0.01	0.07	0.05
Total Impact			0.05			0.29

Particulars	FY 2020-21			FY 2021-22		
	MYT Order	Restated	Impact	MYT Order	Restated	Impact
Supply Business						
O&M Expenses	0.40	0.42	0.02	0.41	0.53	0.12
Sharing of gains/(losses)	0.001	0.002	0.0004	0.005	0.03	0.03
Total Impact			0.02			0.15

2.7.6 The above impact has been shown as a separate entry in the ARR Summary. Further, this impact has been computed only for FY 2020-21 and FY 2021-22, i.e., the years for which final truing up is being done.

2.7.7 KRCIPPL has considered the approved normative employee expenses, as revised above, as the actual employee expenses, and no sharing of the employee expenses has been done.

2.7.8 Further, as per Regulation 75.3 of the MYT Regulations, 2019, KRCIPPL has considered the efficiency factor as zero, since there is an increase in the number of consumers connected to the Distribution Wires of at least 2 % annually over the last 3 years.

2.7.9 The actual change in the number of consumers of the KRC DISCOMs in the last three years as submitted by KRCIPPL is as under:

Table 17: Increase in consumers from FY 2019-20 to FY 2021-22 (Numbers)

DISCOM	Number of Consumers			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 (H1)
MBPPL	143	139	131	130
GEPL	91	86	90	95
KRCIPPL	45	72	79	89

2.7.10 As can be seen from the above table in case of KRCIPPL which commenced distribution operations in FY 2019-20 only, because it is in the growth phase, the number of consumers has increased despite the impact of COVID-19.

2.7.11 In view of the above, O&M expenses claimed in the true-up for FY 2019-20, FY 2020-21, and FY 2021-22 are shown in the following Table:

Table 18: O&M Expenses for FY 2019-20 to FY 2021-22 as claimed by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
	Distribution Wires Business						
1	Employee Expenses	0.43	0.42		0.44		0.46
2	A&G Expenses	0.08	0.15		0.02		0.02
3	R&M Expenses	0.17	0.17		0.29		0.24
4	Total O&M Expenses	0.68	0.74	0.75	0.76	0.77	0.71
	Retail Supply Business						
1	Employee Expenses	0.23	0.23		0.24		0.25
2	A&G Expenses	0.04	0.08		0.01		0.01
3	R&M Expenses	0.09	0.09		0.16		0.13
4	Total O&M Expenses	0.36	0.40	0.40	0.41	0.41	0.39

Normative O&M Expenses

- 2.7.12 The Commission in the MYT Order while approving provisional normative for FY 2019-20 has considered equitable sharing of employee expenses as per the stand taken in other two discom, i.e., MBPPL and GEPL due to non-availability of past data. For 4th control period, as the sufficient past data was available for MBPPL and GEPL at the time of MYT, the Commission projected the normative O&M expenses as per MYT Regulations, 2019.
- 2.7.13 The Commission notes that KRCIPPL has requested for equitable sharing of employee expenses for on the basis of actual/ projected sales forever computing the normative expenses. Further, KRCIPPL has stated that after reallocation of employee expenses, there is no change in the overall O&M expenses for all the three entities under the roof of KRC DISCOMs. In this regard, the Commission is of the opinion that such reallocation of expenses amongst different distribution licensee was allowed in the past as there was no other benchmark available. Such method cannot be allowed for forever, especially when these distribution licensee after initial period of operation now has their own past data. Such considered decision taken at the time of MYT Order based on provision of MYT Regulations cannot be allowed to be changed in MTR proceeding. The Hon'ble Supreme Court in its judgment Civil Appeal No(s). 4324/2015 and 4324/2015 dated 18 October, 2022, has observed that "Truing up' exercise cannot be done to retrospectively change the methodology/principles of tariff determination and re-opening the original tariff determination order thereby setting the tariff determination process to a naught at 'true up' stage. Therefore, the Commission is rejecting the request of KRCIPPL to have equitable sharing of employee expenses. Hence the Commission is approving the normative expenses based on the methodology prescribed in the MYT Regulations.
- 2.7.14 Accordingly, the Commission has not considered the impact of restated employee expenses allowable on the basis of share of sales in this Order.
- 2.7.15 Further, the Commission, in absence of any past trend of O&M expenses available for KRCIPPL, had approved the O&M expenses on a provisional basis and in its MYT Order in Case No. 329 of 2019 had stated the following:
- "3.7.23 For FY 2019-20, the Commission has taken the O&M expenses proportionately from 1 June, 2019 to 31 March, 2020. Accordingly, in absence of any past trend as FY 2019-20 being the first year of operations, the Commission is provisionally approving O&M expenses of Rs. 1.04 Crore, i.e. Rs. 0.68 Crore and Rs. 0.36 Crore for the Distribution Wires Business and Retail Supply Business, respectively subject to prudence check without any sharing of efficiency gain / loss at the time of Truing-up of FY 2019-20, as shown in the table below:"*
- 2.7.16 Hence Commission has not undertaken and sharing of efficiency gains/losses on truing up of the O&M expenses of FY 2019-20 in line with the stand taken in the MYT Order in Case no. 329 of 2019. Hence, no normative O&M expenses have been approved presently for FY 2019-20.
- 2.7.17 As per MYT Regulations 2019, the final true-up O&M expenses for FY 2019-20 after adding/deducting the sharing of efficiency gains/losses shall be considered as the Base Year Operation and Maintenance expenses for the control period. Accordingly, considering that the Commission is not undertaking any sharing of efficiency gains/losses

in the FY 2019-20, the actual O&M expenses approved in this Order will form the base O&M expenses for determination of the normative O&M expenses for the 4th Control Period.

2.7.18 Further, the Regulations 75.3 and 84.3 of MYT Regulations 2019 specifies that the efficiency factor shall be considered as zero, in case there is an increase in the number of consumers including Open Access consumers of at least 2 percent annually over the last 3 years. However, the proviso is not applicable for FY 2020-21 and FY 2021-22 in case of KRCIPPL, as the past data related to number of consumers for the last three years is not available. (For FY 2020-21, the data for the period FY 2017-18 to FY 2020-21 will be required to determine the annual growth over last 3 years and for FY 2021-22, the data for the period FY 2018-19 to FY 2021-22 will be required to determine the annual growth over last 3 years). In this context the Commission in its last MYT Order in Case no. 329 of 2019 had stated the following:

“4.7.13 KRCIPPL has relied upon 2nd proviso to Regulation 75.3 and 84.3 to urge before the Commission to not consider the efficiency factor of 1% in the escalation factor. The said proviso relied upon by KRCIPPL clearly states that efficiency factor is not to be applied if there is increase of consumer of at least 2% annually over the last 3 years. The said proviso is not applicable to KRCIPPL because KRCIPPL started its operations in June 2019 and there is no question of any data being available for last 3 years for applicability of the said Regulation. However, at the time of Truing-up based on actual numbers, the Commission may review this decision.”

2.7.19 In-light of the above discussions, the Commission has not deviated from the stand it had taken in the MYT Order in Case no. 329 of 2019. Hence, the Commission has reduced the escalation factor by efficiency factor of 1% to compute normative O&M expenses for the FY 2020-21 and FY 2021-22.

2.7.20 The escalation factor for FY 2020-21 (3.24%) and FY 2021-22 (4.06%) is determined as per Regulation 75.3 of MYT Regulations 2019.

2.7.21 Accordingly, normative O&M expense for FY 2019-20 to FY 2021-22 is as shown in table below:

Table 19: Normative O&M Expenses for FY 2020-21 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2020-21	FY 2021-22
Normative O&M expense: Distribution wire	0.50	0.52
Normative O&M expense: Retail supply	0.27	0.28
Total normative O&M expense	0.77	0.80
Escalation factor considered adjusted for efficiency factor	3.24%	4.06%

Employee Expenses

2.7.22 KRCIPPL and other KRC DISCOMs have entered into agreement with KRCSPL for availing corporate services. As the services are provided by KRCSPL, the data about the number of employees on payroll of KRCIPPL is not available. The Commission had noted the following with regards the agreement:

“3.7.18 KRCIPPL has entered into agreement with KRCSPL for providing the services related to employees at Rs 0.49 per unit with escalation of 12% every year.

The Commission in its earlier order for MBPPL has already held this agreement with its own group company is not only at very high rate but also the escalation considered is also not linked to any escalation indices. Further, KRCIPPL in its R&M contract entered with M/s G.V. Electricals Private Limited has kept escalation rate of 5% or WPI whichever is lower. This clearly shows the disparity with the contracts entered into by KRCIPPL with its group company and others. Considering the Regulated nature of these expenses, the Commission cannot accept such high rates as well escalation rate agreed to for Employee Expenses. The Commission directs KRCIPPL to consider revision of its agreement and enter into an agreement on an arm's length basis with terms and conditions which are similar to all similar kinds of agreements."

2.7.23 KRCIPPL in response to the Commission's direction regarding revising its agreement has stated that the agreement has been entered with KRCSPL on the basis of terms and conditions of all similar kind of agreements existing in its distribution licensee area towards discharge of activities like Operation and Maintenance.

2.7.24 However, it is important to note the observation of the Commission with regards to the rate of escalation considered by KRCIPPL in its agreement. The Commission in its Orders in the case of MBPPL and GEPL has already taken a stand that the rate of escalation of 12% cannot be considered and accordingly, while approving the actual employee expenses during the truing up years has considered the WPI & CPI linked escalation rate to escalate the employee expenses per unit. The relevant quote from the GEPL MYT Order in Case No. 330 of 2019 is reproduced below:

"3.7.24 Further, GEPL has also entered into agreement with KRCSPL with 12% escalation for providing the employee related services. The Commission has already held in MTR Order in Case No. 194 of 2017 for MBPPL that the escalation rate of 12% is significantly high and accordingly considered the escalation rate of 5.06% as determined by the Commission for computing the normative expenses for FY 2016-17. The escalation rate computed in line with the provisions of the MYT Regulations 2015 will also apply to GEPL to determine the actual O&M cost. Accordingly, the Commission has considered escalation factor of 3.76% and 3.07% computed as per MYT Regulations, 2015 for FY 2017-18 and FY 2018-19 respectively for approving the actual employee expense. In view of the same, the actual employee expense approved by the Commission for FY 2017-18 and FY 2018-19 respectively as shown in the table below."

2.7.25 Accordingly, in line with the above stated approach, the Commission has considered the employee cost of 49 paise per unit as per the agreement for FY 2019-20 as the base rate and escalated it with the applicable WPI & CPI linked escalation rate of 3.24% and 4.06% for FY 2020-21, and FY 2021-22 respectively to work out the approved actual employee cost for KRCIPPL.

2.7.26 Considering the above, the employee cost per unit (manpower rate) approved for FY 2019-20, FY 2020-21 and FY 2021-22 is Rs. 0.49/kWh, Rs. 0.51/kWh and Rs. 0.53/kWh. The approved actual employee cost is Rs. 0.25 Crore, Rs. 0.49 Crore and Rs. 0.75 Crore in FY 2019-20, FY 2020-21, and FY 2021-22 respectively. The variation in the year wise cost

is due to the linkage of the cost with the sales in the respective years.

2.7.27 As discussed in para 2.7.14, the Commission has not considered the request of KRCIPPL for consideration of impact of restated Employee Expenses.

Administration and General Expenses

2.7.28 Major components of A&G expenses claimed by KRCIPPL are Rent Rates & Taxes, legal charges and audit fee, license fee, internet and related charges, advertisements and miscellaneous expenses. The Commission reconciled each component of A&G expense with the audited accounts.

2.7.29 The A&G expenses have shown a decreasing trend from Rs. 0.24 Crore in FY 2019-20, to Rs. 0.04 Crore in FY 2020-21 and Rs. 0.03 Crore in FY 2021-22. As clarified by KRCIPPL, the steep decrease in A&G expenses is observed in FY 2020-21 and FY 2021-22 because FY 2019-20 was year in which MYT Petition was filed and KRCIPPL had incurred expenses regarding Petition filing charges and Professional & Consultancy fees. Since these charges were lesser in the subsequent years, a dip in A&G expenses has been observed. Accordingly, the Commission has approved actual A&G expenses of Rs. 0.15 Crore, Rs. 0.04 Crore and Rs. 0.03 Crore in FY 2019-20, FY 2020-21, and FY 2021-22 respectively

Repair & Maintenance

2.7.30 KRCIPPL has claimed R&M expenses of Rs. 0.26 Crore, Rs. 0.45 Crore and Rs. 0.37 Crore for FY 2019-20, FY 2020-21, and FY 2021-22 respectively. R&M expense towards only plant & machinery and computers has been claimed by KRCIPPL.

2.7.31 The Commission has carried out prudence check of the R&M Expenses submitted by KRCIPPL and reconciled claim of KRCIPPL with the audited accounts.

2.7.32 The Commission has observed a fluctuating trend in the R&M expenses incurred by KRCIPPL. Expenses towards Plant & Machinery has been observed as major contributing factor for this trend. KRCIPPL has clarified that the expenses incurred in FY 2019-20 were only for a period of 9 months as the business was operationalised in June 2019 and only one building was operations. In the subsequent year, two more buildings were operationalised, and the expenses were for the complete year.

2.7.33 In view of above, the Commission approves R&M expenses for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted by KRCIPPL.

2.7.34 The Commission has considered the O&M expenses for Distribution Wires Business and Retail Supply Business after the prudence check and approves the actual and Normative O&M Expense for FY 2019-20 to FY 2021-22 as follows:

Table 20: Normative and Actual O&M Expenses for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20				FY 2020-21				FY 2021-22			
	MY T Order	Approved Normative	MT R Petition	Approved in this Order	MY T Order	Approved Normative	MT R Petition	Approved in this Order	MY T Order	Approved Normative	MT R Petition	Approved in this Order
Distribution Wires												
Employee Expenses			0.42	0.16			0.44	0.32			0.46	0.49

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20				FY 2020-21				FY 2021-22			
	MY T Order	Approved Normative	MT R Petition	Approved in this Order	MY T Order	Approved Normative	MT R Petition	Approved in this Order	MY T Order	Approved Normative	MT R Petition	Approved in this Order
A&G Expenses			0.15	0.15			0.02	0.02			0.02	0.02
R&M Expenses			0.17	0.17			0.29	0.29			0.24	0.24
Total O&M Expenses (Distribution Wire)	0.68	0.68	0.74	0.49	0.75	0.50	0.76	0.63	0.77	0.52	0.71	0.75
Retail Supply												
Employee Expenses			0.23	0.09			0.24	0.17			0.25	0.26
A&G Expenses			0.23	0.08			0.01	0.01			0.01	0.01
R&M Expenses			0.23	0.09			0.16	0.16			0.13	0.13
Total O&M Expenses (Retail Supply)	0.36	0.36	0.69	0.26	0.40	0.27	0.41	0.34	0.41	0.28	0.39	0.40
Total O&M Expenses (Distribution Wire + Retail Supply)	1.04	1.04	0.97	0.75	1.15	0.77	1.17	0.97	1.18	0.80	1.10	1.15

2.7.35 O&M expenses being controllable factor, in subsequent section of this Order, the Commission has undertaken sharing of efficiency gains and losses with respect to normative O&M expenses and allowable actual O&M expenses approved in this Order.

2.8 Capital Expenditure and Capitalisation

KRCIPPL's Submission

2.8.1 The Capital expenditure and Capitalisation towards DPR Scheme and Non-DPR schemes submitted for Wire and Supply Business for FY 2019-20 to FY 2021-22 are shown in the following Table:

Table 21: DPR & Non-DPR Schemes for Wires Business for FY 2019-20, FY 2020-21 and FY 2021-22 as submitted by KRCIPPL(Rs. Crore)

Sl.	Scheme Particulars	Type of Business	Amount (Rs.)
A	FY 2019-20		
	DPR SCHEME		
	22 KV Receiving station	Wire	4,91,00,205
	Distribution Substation	Wire	5,68,69,839
	HT-LT Network & Distribution T/F	Wire	8,98,60,251
	AMR, Consumer Metering, SCADA & IT equipment	Supply	4,98,080
	Building and Civil work	Wire	1,94,700
	Building R1- related work of Power Division	Wire	26,05,932
	Web based software	Supply	1,41,000
	TOTAL		19,92,70,007
B	FY 2020-21		
	DPR SCHEME		
	Power Distribution- - AMR, Cons metering, SCADA & IT Equipment	Wire	3,75,227
	AMR, Cons metering, SCADA & IT Equipment	Supply	10,21,827
	Total		13,97,054
C	FY 2021-22		

Sl.	Scheme Particulars	Type of Business	Amount (Rs.)
	DPR Scheme		
	Underground 22 kV HT Cable work - 22 kV Receiving station	Wire	4,50,70,647
	Total		4,50,70,647

2.8.2 Based on the above scheme wise details, the Capital expenditure and Capitalisation submitted for FY 2019-20 to FY 2021-22 are shown in the following Table:

Table 22: Capital Expenditure & Capitalisation for FY 2019-20 to FY 2021-22 as submitted by KRCIPPL(Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Wires Business						
Capital Expenditure	5.70	19.86	6.13	0.04	6.30	4.51
Capitalisation	14.43	19.86	6.13	0.04	6.30	4.51
Retail Supply Business						
Capital Expenditure	0.16	0.06	0.20	0.10	0.16	0.00
Capitalisation	0.16	0.06	0.20	0.10	0.16	0.00

Commission’s Analysis and Ruling

2.8.3 The Commission notes that the Capitalisation amounting to Rs. 4.51 Crore has been transferred in the books of KRCIPPL from the books of KRCIPPL Developer in FY 2021-22. The capitalisation was related to Switching Station HT network work, and which was earlier inadvertently booked in books of the KRCIPPL Developer.

2.8.4 In view of the above, the Commission in the MYT Order in Case No. 329 of 2019 has ruled as follows:

3.8.13 The Commission has granted Distribution Licence to KRCIPPL and issued Specific Conditions of Licence to KRCIPPL. Even though GERA is a joint developer of SEZ, it is no more than the normal entity in the eyes of the Commission and the Commission only recognises KRCIPPL and regulates the said entity as Distribution Licensee. However, the Commission cannot ignore the fact that distribution network assets created and appearing in the books of GERA are being utilised to supply electricity in the entire licence area of KRCIPPL. If GERA has not developed those assets, KRCIPPL would have been required to create the same assets and recovered the cost of the such assets. The Commission verified that the capex being incurred by GERA is as per DPR approval and for the Consumers of KRCIPPL. The Commission, therefore, in the present Order is considering Capex being incurred by GERA for the purpose of tariff determination as per provisions of MYT Regulations, 2015 subject to the assets appearing in the books of GERA being transferred to KRCIPPL, which is a Distribution Licensee. KRCIPPL is directed to submit the said details at the time of final Truing-up of FY 2019-20”. KRCIPPL was asked to clarify and submit all relevant details in this regard.

2.8.5 Accordingly, the details were sought from KRCIPPL. In reply to the queries, KRCIPPL submitted that the assets appearing in the books of GERA have been transferred to

KRCIPPL Distribution Licensee books.

2.8.6 KRCIPPL submitted the details of capex approved and actual capex executed as elaborated in the table below:

Table 23: Details of Capex approved and actual Capex executed

Comparison of Approved Capex Vs Actual Capex Executed							
Description /Building No.	Amount in Rs Crore						Remark
	Approved Capex	FY 19-20	FY 20-21	FY 21-22	Building-wise Total	Diff	
G2	5.70	5.26	-	-	5.26	-0.44	
R1	6.13	5.21	0.038		5.25	-0.88	
R4	5.90	4.03			4.03	-1.87	As against 4 No of Distribution Transformers approved for Building No. R4 , 3 No's are installed
Receiving Station	8.73	5.42		4.51	9.93	1.19	
Common Infra	0.42		0.10		0.10	-0.32	
SUB-TOTAL	26.88	19.93	0.14	4.51	24.57	-2.31	
G1 building is under Construction. The approved Capex for G1 building is Rs. 5.70 Crs							

2.8.7 The Commission has approved the DPR vide letter dated 19 August 2019. The Capital Expenditure claimed by KRCIPPL is as per DPR approved by the Commission. Further, KRCIPPL has clarified that it has undertaken competitive bidding for incurring Capital Expenditure.

2.8.8 The Commission notes that the capitalisation towards these assets is reflected in the financial statements of the respective years. KRCIPPL has confirmed that these assets are put-to-use. Therefore, the Commission approves Capital Expenditure & Capitalisation for FY 2019-20 to FY 2021-22 as shown in the following Table:

Table 24: Capitalisation for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business									
Capitalisation	14.43	19.86	19.86	6.13	0.04	0.04	6.30	4.51	4.51
Retail Supply Business									
Capitalisation	0.16	0.06	0.06	0.20	0.10	0.10	0.16	0.00	0.00

2.9 Depreciation

KRCIPPL's Submission

2.9.1 KRCIPPL has considered Closing GFA for FY 2018-19, as approved in the MYT Order,

to be Opening GFA for FY 2019-20 and onwards. Further, addition to GFA is considered same as capitalization proposed in the previous section. Depreciation claimed by KRCIPPL for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 25: Depreciation for FY 2019-20 to FY 2021-22 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution Wires Business						
Opening GFA	0.00	0.00	14.43	19.86	20.56	19.90
Additions during the Year	14.43	19.86	6.13	0.04	6.30	4.51
Retirement during the year	0	0	0	0	0	0
Closing GFA	14.43	19.86	20.56	19.90	26.86	24.41
Depreciation	0.38	0.52	0.92	1.05	1.25	1.17
Retail Supply Business						
Opening GFA	0.00	0.00	0.16	0.06	0.35	0.17
Additions during the Year	0.01	0.06	0.20	0.10	0.16	0.00
Closing GFA	0.01	0.06	0.35	0.17	0.51	0.17
Depreciation	0.02	0.01	0.05	0.02	0.09	0.03

Commission’s Analysis and Ruling

- 2.9.2 The Commission has computed the depreciation as per the prevailing MYT Regulations.
- 2.9.3 The Commission observed that opening GFA is not matching with the closing GFA approved in last MYT order. Accordingly, the Commission sought reasoning from KRCIPPL regarding the variation in opening GFA. In response to the query KRCIPPL submitted that it has commenced operations in FY 2019-20, and the truing up of the first year of operations, i.e., FY 2019-20 shall be done in the present Order based on the present MTR Petition only. Hence, the opening GFA of any year not matching with the closing GFA of previous year.
- 2.9.4 In view of the above, the Commission approves Depreciation for FY 2019-20 to FY 2021-22 as shown in the Table below:

Table 26: Depreciation for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business									
Opening GFA	-	-	-	14.43	19.86	19.86	20.56	19.90	19.90
Additions during the Year	14.43	19.86	19.86	6.13	0.04	0.04	6.30	4.51	4.51
Retirement during the year	-	-	-	-	-	-	-	-	-
Closing GFA	14.43	19.86	19.86	20.56	19.90	19.90	26.86	24.41	24.41

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Depreciation	0.38	0.52	0.52	0.92	1.05	1.05	1.25	1.17	1.17
Retail Supply Business									
Opening GFA	-	-	-	0.16	0.06	0.06	0.35	0.17	0.17
Additions during the Year	0.01	0.06	0.06	0.20	0.10	0.10	0.16	-	-
Retirement during the year		-	-		-	-		-	-
Closing GFA	0.01	0.06	0.06	0.35	0.17	0.17	0.51	0.17	0.17
Depreciation	0.02	0.01	0.01	0.05	0.02	0.02	0.09	0.03	0.03

2.10 Interest on Loan Capital

KRCIPPL's Submission

2.10.1 KRCIPPL has computed the Interest on Long-Term Loan Capital for FY 2019-20 in accordance with Regulation 29 of the MYT Regulations, 2015 and in accordance with Regulation 30 of the MYT Regulations, 2019 for FY 2020-21 and FY 2021-22. The closing balance of net normative loan approved in the true-up for FY 2018-19 has been considered as opening balance of net normative loan for FY 2019-20. Similarly, the closing balance of net normative loan considered for FY 2019-20 in the present Petition has been considered as Opening Balance of net normative loan for FY 2020-21 and closing balance of net normative loan considered for FY 2020-21 has been considered as Opening Balance of net normative loan for FY 2021-22.

2.10.2 There is no addition of normative loan during FY 2019-20 to FY 2021-22.

2.10.3 The Interest on Long Term Loan capital claimed by KRCIPPL for FY 2019-20 to FY 2021-22 is shown in the following table:

Table 27: Interest on Long Term Loan Capital for FY 2019-20 to FY 2021-22 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening Balance of Net Normative Loan	0.00	0.00	9.72	13.38	13.09	12.36
Addition of Normative Loan during the year	10.10	13.90	4.29	0.03	4.41	3.15
Repayment of Normative loan during the year	0.38	0.52	0.92	1.05	1.25	1.17
Closing Balance of Net Normative Loan	9.72	13.38	13.09	12.36	16.25	14.34
Average Balance of Net Normative Loan	4.86	6.69	11.41	12.87	14.67	13.35

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Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Weighted average Rate of Interest on actual Loans (%)	9.25%	9.75%	9.25%	8.64%	9.25%	7.15%
Interest Charges	0.45	0.65	1.05	1.11	1.36	0.96
Retail Supply Business						
Opening Balance of Net Normative Loan	0.00	0.00	0.09	0.04	0.17	0.08
Addition of Normative Loan during the year	0.11	0.04	0.14	0.07	0.11	0.00
Repayment of Normative loan during the year	0.02	0.01	0.05	0.02	0.09	0.03
Closing Balance of Net Normative Loan	0.09	0.04	0.17	0.08	0.20	0.05
Average Balance of Net Normative Loan	0.05	0.02	0.13	0.06	0.19	0.07
Weighted average Rate of Interest on actual Loans (%)	9.25%	9.75%	9.25%	8.64%	9.25%	7.15%
Total Interest & Financing Charges	0.004	0.0017	0.01	0.01	0.02	0.005

2.10.4 KRCIPPL has requested the Commission to approve the interest on long-term loans in the true-up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table.

Commission’s Analysis and Ruling

2.10.5 The repayment of loan is considered equal to the depreciation allowed during the year in accordance with Regulation 29.3 of MYT Regulations, 2015 for FY 2019-20 and Regulation 30.3 of MYT Regulations, 2019 for FY 2020-21 and FY 2021-22.

2.10.6 The Commission raised query regarding information of outstanding loans in the books of KRCIPPL, in response of which KRCIPPL submitted that there is no outstanding loan in the books of the Power division.

2.10.7 Further, the Commission had asked KRCIPPL to provide the computation of weighted average rate of interest for the years FY 2019-20 to FY 2021-22 along with certificate from banks reflecting the opening and closing loan balance, interest rate and interest paid during the year for FY 2019-20 to FY 2021-22. KRCIPPL in its reply provided computation of weighted average rate of interest for the respective years without providing sufficient banker certificates to substantiate details of opening and closing loan balance, interest rate and interest paid during the year. The details shared by KRCIPPL were not sufficient to validate the weighted average rate of interest submitted by KRCIPPL.

2.10.8 The issue of insufficient data about interest on long term loan is also faced by the Commission in case of the tariff petitions of MBPPL and GEPL which are owned by the parent company of KRCIPPL.

2.10.9 Because of non-availability of comprehensive supporting documents, the Commission has considered SBI Marginal Cost of Funds-based Lending Rate (MCLR) base rates for the

FY 2019-20, FY 2020-21, and FY 2021-22. The Commission compared the interest rates proposed by KRCIPPL with the SBI MCLR base rates prevailed at the beginning of respective year and found KRCIPPL proposed interest rates on a higher side.

2.10.10 In accordance with Regulation 30.5 of the MYT Regulations, 2019, the Commission has computed the interest amount on loans for the FY 2019-20 to FY 2021-22 considering the SBI MCLR base rates prevailing at the beginning of each year, available on the SBI official website <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>. The details of the interest rate considered for computing the interest amount on loans is as follows:

Table 28: Interest rate on Long Term loans approved by the Commission for FY 2019-20 to FY 2021-22

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	SBI MCLR Rate	MYT Order	MTR Petition	SBI MCLR Rate	MYT Order	MTR Petition	SBI MCLR Rate
Distribution Wires Business									
Rate of Interest	9.25%	9.75%	8.55%	9.25%	8.64%	7.75%	9.25%	7.15%	7.00%
Retail Supply Business									
Rate of Interest	9.25%	9.75%	8.55%	9.25%	8.64%	7.75%	9.25%	7.15%	7.00%

2.10.11 Based on the above consideration, the Interest on Loan Capital approved by the Commission for FY 2019-20 to FY 2021-22 is summarised in the table below:

Table 29: Interest on Loan Capital for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business									
Opening Balance of Net Normative Loan	-	-	-	9.72	13.38	13.38	13.09	12.36	12.36
Addition of Normative Loan due to capitalisation during the year	10.10	13.90	13.90	4.29	0.03	0.03	4.41	3.15	3.15
Repayment of Normative loan during the year	0.38	0.52	0.52	0.92	1.05	1.05	1.25	1.17	1.17
Closing Balance of Net Normative Loan	9.72	13.38	13.38	13.09	12.36	12.36	16.25	14.34	14.34
Average Balance of Net Normative Loan	4.86	6.69	6.69	11.41	12.87	12.87	14.67	13.35	13.35
Weighted average Rate of Interest on actual Loans (%)	9.25%	9.75%	8.55%	9.25%	8.64%	7.75%	9.25%	7.15%	7.00%
Interest Expenses	0.45	0.65	0.57	1.05	1.11	1.00	1.36	0.96	0.93
Financing Charges	-	-	-	-	0.00	-	-	-	-
Total Interest & Financing Charges	0.45	0.65	0.57	1.05	1.11	1.00	1.36	0.96	0.93
Retail Supply Business									

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Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Opening Balance of Net Normative Loan	-	-	-	0.09	0.04	0.04	0.17	0.08	0.08
Addition of Normative Loan due to capitalisation during the year	0.11	0.04	0.04	0.14	0.07	0.07	0.11	-	-
Repayment of Normative loan during the year	0.02	0.01	0.01	0.05	0.02	0.02	0.09	0.03	0.03
Closing Balance of Net Normative Loan	0.09	0.04	0.04	0.17	0.08	0.08	0.20	0.05	0.05
Average Balance of Net Normative Loan	0.05	0.02	0.02	0.13	0.06	0.06	0.19	0.07	0.07
Weighted average Rate of Interest on actual Loans (%)	9.25%	9.75%	8.55%	9.25%	8.64%	7.75%	9.25%	7.15%	7.00%
Interest Expenses	0.00	0.00	0.00	0.01	0.01	0.00	0.02	0.00	0.00
Financing Charges	-	-	-	-	-	-	-	-	-
Total Interest & Financing Charges	0.004	0.002	0.002	0.012	0.005	0.005	0.017	0.005	0.005

2.10.12 The variation in the Interest on Loan expense sought by KRCIPPL and that approved by the Commission in this Order is mainly on account of consideration of SBI MCLR base rates instead of weighted average interest rates proposed by KRCIPPL.

2.11 Interest on Working Capital (IoWC) and Consumer's Security Deposit (CSD)

KRCIPPL's Submission

2.11.1 For computation of IoWC, KRCIPPL has considered the rate of interest equal to the weighted average one-year MCLR during the year plus 150 basis points. The rate of IoWC has been worked out as 9.66%, 8.57% and 8.50% for FY 2019-20, FY 2020-21 and 2021-22, respectively, The interest on CSD has been paid at the applicable rate of MCLR plus 150 basis points. The interest on CSD has been claimed as per the audited accounts for FY 2019-20, FY 2020-21, and FY 2021-22.

2.11.2 The computation of IoWC and Interest on CSD for Wires Business for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 30: IoWC and Interest on CSD for Wire Business for FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Revised Normative	MYT Order	Revised Normative	MYT Order	Revised Normative
O&M expenses for one month	0.068	0.06	0.062	0.06	0.064	0.06
Maintenance Spares at 1% of Opening GFA	0.000	0.00	0.144	0.20	0.206	0.20

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Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Revised Normative	MYT Order	Revised Normative	MYT Order	Revised Normative
One and half months’ equivalent of revenue from Wheeling Charges	0.012	0.03	0.418	0.16	0.568	0.21
Less: Amount held as Security Deposit from Distribution System Users	0.080	0.22	0.142	0.01	0.190	0.01
Total Working Capital Requirement	(0.001)	(0.13)	0.482	0.41	0.647	0.46
Computation of Working Capital Interest						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.50%	8.57%	9.50%	8.50%
Interest on Working Capital	0.000	0.000	0.046	0.04	0.062	0.04
Interest on Consumers’ Security Deposit	0.006	0.009	0.008	0.01	0.010	0.01

2.11.3 The computation of IoWC and interest on CSD for Retail Supply Business for FY 2019-20, FY 2020-21, and FY 2021-22 is shown in the following:

Table 31: IoWC and Interest on CSD for Retail Supply Business for FY 2019-20 to FY 2021-22 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	Revised Normative	MYT Order	Revised Normative	MYT Order	Revised Normative
O&M expenses for one month	0.036	0.03	0.033	0.03	0.034	0.03
Maintenance Spares at 1% of Opening GFA	0.000	0.00	0.002	0.00	0.004	0.00
One and half months’ equivalent of the revenue from sale of electricity	0.594	1.02	1.716	1.05	2.277	1.33
Less: Amount held as Security Deposit	0.723	1.97	1.280	0.12	1.707	0.12
Less: One-month equivalent of cost of power purchase, Transmission Charges and MSLDC Charges	0.230	0.27	1.203	0.47	1.492	0.62
Total Working Capital Requirement	(0.323)	(1.18)	(0.732)	0.49	(0.884)	0.62
Computation of Working Capital Interest						
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.66%	9.50%	8.57%	9.50%	8.50%
Interest on Working Capital	0.000	0.00	0.000	0.04	0.000	0.05
Interest on Consumers’ Security Deposit	0.057	0.08	0.069	0.11	0.092	0.11

Commission’s Analysis and Ruling

2.11.4 The Commission has computed normative working capital requirement in accordance with the Regulations 31.3 and 31.4 of MYT Regulations, 2015 for FY 2019-20 and with Regulation 32.3 and 32.4 of MYT Regulations, 2019 for FY 2020-21 and FY 2021-22. It has also computed the Interest on CSD by considering the actual interest paid by the Licensee during the year as per the audited accounts for FY 2019-20 to FY 2021-22.

2.11.5 The Commission has undertaken prudence check on the documents submitted by KRCIPPL and observed that the CSD amount for FY 2020-21 and FY 2021-22 is in variance with the Audit Reports. Accordingly, the Commission has considered the correct amount of CSD and Interest on CSD from the Audit Reports.

2.11.6 The Commission has considered maintenance spares 1% of approved opening GFA. Further, in absence of separation of consumer security deposits between Distribution Wire business and Retail Supply business, segregation of CSD is considered as per allocation matrix in Regulation 71 of the MYT Regulations, 2019 for FY 2019-20 and FY 2020-21.

2.11.7 Also, as per the Regulation 13.2 of Supply Code Regulations 2021 notified on 25 February 2021:

“The amount of the security referred to in Regulation 13.1 above shall be twice the average billing of the billing cycle period. For the purpose of determining the average billing under this Regulation 13.2, the average of the billing to the Consumer for the last Twelve (12) months, or in cases where supply has been provided for a shorter period, the average of the billing of such shorter period, shall be considered.”

2.11.8 The provisions of Supply Code Regulation 2021 prescribes that the amount of Security Deposit shall be twice the average billing of the billing cycle period. The Licensee should ensure adherence to the requirements as it would also improve the liquidity of the Licensee. However, in the present Order the Commission has considered the actual Security Deposit details submitted by the Licensee for the purpose of computation of Working Capital Requirement.

2.11.9 Accordingly, the IoWC and CSD as approved by the Commission is shown in the table below:

Table 32: IOWC and Interest on CSD for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
O&M expenses for a month		0.062	0.057	-	0.063	0.042	-	0.060	0.043
Maintenance Spares at 1% of Opening GFA		-	-	-	0.199	0.199	-	0.199	0.199
One and half months equivalent of the expected revenue from charges for use of Distribution Wires		0.029	0.029	-	0.161	0.161	-	0.214	0.214
Less: Amount held as Security Deposit from Distribution System Users		0.218	0.218	-	0.013	0.280	-	0.013	0.329
Total Working Capital Requirement		-0.128	-0.133		0.409	0.121		0.459	0.128

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Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Computation of Working Capital Interest									
Interest Rate (%) - SBI Base Rate +150 basis points		9.66%	9.66%		8.57%	8.57%	-	8.50%	8.50%
Interest on Working Capital	-	-	-	0.05	0.035	0.010	0.06	0.039	0.011
		-	-	-	-	-	-	-	-
Interest on Security Deposit		-	-		-	-		-	-
Interest Rate (%) - SBI Base Rate +150 basis points		-	-	-	0.012	-	-	0.012	-
Interest on Security Deposit	0.006	0.009	0.009	0.008	-	0.011	0.010	-	0.012

Retail Supply Business

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
O&M expenses for a month	-	0.034	0.030	-	0.034	0.023	-	0.034	0.023
Maintenance Spares at 1% of Opening GFA	-	-	-	-	0.001	0.001	-	0.001	0.001
One and half months equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	-	1.020	1.020	-	1.047	1.047	-	1.326	1.326
Less: Amount held as security deposit	-	1.966	1.966	-	0.118	2.522	-	0.118	2.957

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Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	-	0.266	0.266	-	0.471	0.471	-	0.621	0.619
Total Working Capital Requirement	-	(1.178)	(1.182)	-	0.492	(1.923)	-	0.622	(2.226)
Computation of Working Capital Interest									
Interest Rate (%) - SBI Base Rate +150 basis points		9.66%	9.66%		8.57%	8.57%		8.50%	8.50%
Interest on Working Capital	-	-	-	-	0.042	-	-	0.053	-
Interest on Security Deposit		-	-		-	-		-	-
Interest Rate (%) - Bank Rate		-	-		-	-		-	-
Interest on Security Deposit	0.069	-	0.081	0.069	0.106	0.103	0.092	0.106	0.106

2.12 Return on Equity

KRCIPPL's Submission

- 2.12.1 KRCIPPL has computed the Return on Equity (RoE) for FY 2019-20 in accordance with Regulation 28 of the MYT Regulations, 2015 and for FY 2020-21 and FY 2021-22, in accordance with Regulation 29 of the MYT Regulations, 2019.
- 2.12.2 KRCIPPL has computed the RoE for FY 2019-20 at 15.50% and 17.50% for the Wires Business and Supply Business, respectively. The RoE is calculated on the opening equity for the respective year and on 50% of the asset addition during the year, by considering the normative equity as 30% of the capitalisation. The Closing Balance of regulatory equity approved in the true-up for FY 2018-19 has been considered as Opening Balance of regulatory equity for FY 2019-20.
- 2.12.3 For FY 2020-21 and FY 2021-22, KRCIPPL has computed the RoE in two components, viz., base return and additional return on equity linked to actual performance as per Regulation 29 of the MYT Regulations, 2019.

2.12.4 For FY 2020-21 and FY 2021-22, KRCIPPL has computed the Base RoE for the Wires Business at 14% and Additional RoE at 1.5% as the Wires Availability was 100% during the period. For both FY 2020-21 and FY 2021-22, KRCIPPL has computed the Base RoE for the Retail supply Business at 15.5% and Additional RoE at 1% on account of actual zero percent of assessed bills with respect to total bills issued during the year and 1% eligible on achieving improvement in collection efficiency in FY 2020-21. The RoE rate has been grossed up for the applicable tax rate for both the years of FY 2020-21 and FY 2021-22.

2.12.5 The RoE claimed by KRCIPPL for FY 2019-20 is shown in the following table:

Table 33: Return on Equity for Distribution Wires Business for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20	
	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	-	-
Equity portion of capitalisation during the year	4.33	5.96
Regulatory Equity at the end of the year	4.33	5.96
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year	-	-
Return on Regulatory Equity addition during the year	0.34	0.46
Total Return on Equity	0.34	0.46

Table 34: Return on Equity for Retail Supply Business for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20	
	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	-	-
Equity portion of capitalisation during the year	0.05	0.02
Regulatory Equity at the end of the year	0.05	0.02
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year	-	0.00
Return on Regulatory Equity addition during the year	0.00	0.00
Total Return on Equity	0.004	0.005

Base Return on Equity for FY 2020-21 and FY 2021-22

2.12.6 The Base RoE claimed by KRCIPPL for FY 2020-21 and FY 2021-22 for the Wires Business and Retail Supply Business is shown in the following Tables.

Table 35: Base Return on Equity for Distribution Wires Business for FY 2020-21 and FY 2021-22 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	4.33	5.96	6.17	5.97
Equity portion of capitalisation during the year	1.84	0.01	1.89	1.35
Regulatory Equity at the end of the year	6.17	5.97	8.06	7.32
Return on Equity Computation				
Base Rate of Return on Equity	14%	14.00%	14%	14.00%
Pretax Return on Equity after considering effective Tax rate		14.11%		14.26%
Return on Regulatory Equity at the beginning of the year		0.84		0.85
Return on Regulatory Equity addition during the year		0.00		0.10
Total Return on Equity	0.73	0.84	1.00	0.95

Table 36: Base Return on Equity for Retail Supply Business for FY 2020-21 and FY 2021-22 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2020-21		FY 2021-22	
	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
Regulatory Equity at the beginning of the year	0.05	0.02	0.11	0.05
Equity portion of capitalisation during the year	0.06	0.03	0.05	0.00
Regulatory Equity at the end of the year	0.11	0.05	0.16	0.05
Return on Equity Computation				
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
Pretax Return on Equity after considering effective Tax rate		15.62%		15.79%
Return on Regulatory Equity at the beginning of the year		0.00		0.01
Return on Regulatory Equity addition during the year		0.00		0.00
Total Return on Equity	0.01	0.01	0.02	0.01

Commission's Analysis and Ruling

2.12.7 The Commission has computed RoE at 15.50% and 17.50% for FY 2019-20 for the Wires Business and Supply Business, respectively, in accordance with the Regulations, on the opening equity of the respective year and on 50% of the approved asset Capitalisation during the year, considering the debt: equity ratio of 70:30.

2.12.8 Further, for FY 2020-21 and FY 2021-22, as per Regulation 29 of MYT Regulations 2019, the RoE is computed in two components, viz., base return and additional return on equity linked to actual performance. The base RoE for both FY 2020-21 and FY 2021-22 has been computed at 14.00% and 15.50% for the Wires Business and Supply Business, respectively.

2.12.9 As per Regulation 34.2 of MYT Regulations, 2019,

“The rate of Return on Equity, including additional rate of Return on Equity as allowed by the Commission under Regulation 29 of these Regulations shall be grossed up with the effective tax rate of respective financial year.”

2.12.10 In para 2.13 of this Order, nil Income Tax is approved by the Commission for the respective years and hence grossing up of RoE with the tax rate would be of no effect in such scenario.

2.12.11 The RoE approved by the Commission for FY 2019-20 to FY 2021-22 is summarised in the following table:

Table 37: Return on Equity approved by the Commission for FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Distribution Wires Business									
Regulatory Equity at the beginning of the year	-	-	-	4.33	5.96	5.96	6.17	5.97	5.97
Equity portion of capitalisation during the year	4.33	5.96	5.96	1.84	0.01	0.01	1.89	1.35	1.35
Regulatory Equity at the end of the year	4.33	5.96	5.96	6.17	5.97	5.97	8.06	7.32	7.32
Rate of Return				14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Pretax Return on Equity after considering effective Tax rate	-	-	-	-	14.11%	14.00%		14.26%	14.00%
Return on Regulatory Equity at the beginning of the year	-	-	-	-	0.84	0.83	-	0.85	0.84
Return on Regulatory Equity addition during the year	0.34	0.46	0.46		0.00	0.001	-	0.10	0.09
Return on Equity for Wires Business	0.34	0.46	0.46	0.73	0.84	0.84	1.00	0.95	0.93
Retail Supply Business									
Regulatory Equity at the beginning of the year	-	-	-	0.05	0.02	0.02	0.11	0.05	0.05
Equity portion of capitalisation during the year (after reduction of consumer contribution)	0.05	0.02	0.02	0.06	0.03	0.03	0.05	0.00	0.00
Regulatory Equity at the end of the year	0.05	0.02	0.02	0.11	0.05	0.05	0.16	0.05	0.05
Rate of Return	-	-	17.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Pretax Return on Equity after considering effective Tax rate	-	-	-	-	15.62%	15.50%	-	15.79%	15.50%
Return on Equity for Supply Business	0.004	0.005	0.005	0.01	0.01	0.01	0.02	0.01	0.01

Additional Return on Equity for FY 2020-21 and FY 2021-22

KRCIPPL’s Submission

2.12.12 KRCIPPL has claimed Additional RoE for FY 2020-21 and FY 2021-22 for the Wires Business and Retail Supply Business as shown in the following Tables:

Table 38: Additional Return on Equity for FY 2020-21 and FY 2021-22 submitted by KRCIPPL (Rs. Crore)

Particulars	Unit	FY 2020-21	FY 2021-22
		MTR Petition	MTR Petition
Distribution Wires Business			
Wires Availability above 98%	%	100%	100%
Additional Rate of Return on Equity for Wire availability	%	1.50%	1.50%
Additional Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.09	0.09
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.01
Total Additional Return on Equity for Wires	Rs. Crore	0.09	0.10
Retail Supply Business			
% of Assessed bills with respect to total bills issued during the year	%	0%	0%
Additional Rate of Return on Equity for assessment of bills	%	1%	1%
Collection Efficiency for the year	%	98.70%	98.60%
Additional Rate of Return for collection efficiency	%	1.00%	0.50%
Total Additional Return on Equity	%	2.00%	1.50%
Additional Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.0004	0.001
Return on Regulatory Equity addition during the year	Rs. Crore	0.0003	0.001
Total Additional Return on Equity for Supply	Rs. Crore	0.0007	0.001

Commission's Analysis and Ruling

2.12.13 The Commission had sought clarification from KRCIPPL in respect of its eligibility to claim RoE. In response, KRCIPPL submitted that, the incoming sources to KRCIPPL from 132/22 kV MSETCL Kharadi Sub-Station (22kV KRC-1 and 22kV KRC-2 feeder) and a spare cable is also laid as a back-up arrangement. Generally, the distribution licensee demand is catered through these two sources and in case of failure of supply from any feeder, available spare cable could be taken in service. Further, the complete HT and LT network in case of KRCIPPL is underground in nature, which is less subjected to any external conditions. With such type of arrangement, KRCIPPL has been supplying uninterrupted power to the consumers within the licensee area and has maintained 100% Wires Availability. KRCIPPL has also submitted copies of Quarterly SoP reports to substantiate the fact which show that there were no system interruptions throughout FY 2020-21 and FY 2021-22.

2.12.14 Further, KRCIPPL submitted that 100 % consumers within the licence area are metered consumers, and monthly bills of consumer are being issued as per the actual meter readings. Automated Meter Reading (AMR) system is in place within the licence area of KRCIPPL. Further, all the meters are communicated in real time through AMR system and the data gets stored into the Energy Management Software with an interval of 15 minutes. In addition to this, the physical manual meter readings of each consumer are also being

taken on regular basis (on daily basis with an interval of 2 hours). During such activity, if any variation/defect in any meter consumption is observed, then KRCIPPL proactively replaces such defective meter on immediate basis. KRCIPPL further clarified that in the case of display segment defective meters (if any), the meter readings are taken through the AMR system or through OEM’s Basic Computer Software. Hence, while carrying out the monthly billing process, the assessed bills remain Nil. Hence, KRCIPPL has claimed 0% assessed bills as there are no assessed bills (i.e., bills not based on meter reading).

2.12.15 Considering the above analysis, the Commission considered the Additional RoE for FY 2020-21 and FY 2021-22 for the Wires Business and Retail Supply Business as shown in the following Table:

Table 39: Additional ROE approved by the Commission for FY 2020-21 and FY 2021-22

Particulars	Unit	FY 2020-21		FY 2021-22	
		MTR Petition	Approved	MTR Petition	Approved
Distribution Wires Business					
Wires Availability above 98%	%	100%	100%	100%	100%
Additional Rate of Return on Equity for Wire availability	%	1.50%	1.50%	1.50%	1.50%
Additional Return on Equity Computation					
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.09	0.09	0.09	0.09
Return on Regulatory Equity addition during the year	Rs. Crore	0.00	0.00	0.01	0.01
Total Additional Return on Equity for Wires	Rs. Crore	0.09	0.09	0.10	0.10
Retail Supply Business					
% of Assessed bills with respect to total bills issued during the year	%	0%	0%	0%	0%
Additional Rate of Return on Equity for assessment of bills	%	1%	1%	1%	1%
Collection Efficiency for the year	%	98.70%	98.70%	98.60%	98.60%
Additional Rate of Return for collection efficiency	%	1.00%	1.00%	0.50%	0.50%
Total Additional Return on Equity	%	2.00%	2.00%	1.50%	1.50%
Additional Return on Equity Computation					
Return on Regulatory Equity at the beginning of the year	Rs. Crore	0.0004	0.0004	0.001	0.001
Return on Regulatory Equity addition during the year	Rs. Crore	0.0003	0.0003	0.001	0.000
Total Additional Return on Equity for Supply	Rs. Crore	0.0007	0.0007	0.001	0.001

2.13 Income Tax

KRCIPPL’s Submission

2.13.1 KRCIPPL has not claimed any Income Tax for FY 2019-20, since the Regulatory Profit

Before Tax (PBT) is working out to be negative, even after considering tax depreciation for that year.

- 2.13.2 For FY 2020-21 and FY 2021-22, the Income Tax is allowed by grossing up the applicable rate of RoE with the effective tax rate. For FY 2020-21 and FY 2021-22, the effective tax rate works out to 0.8% and 1.9%, and hence, the RoE rate has been grossed up accordingly.

Commission's Analysis and Ruling

- 2.13.3 For FY 2019-20, as stated in Regulations 33.1 of MYT Regulations 2015, the tax computation using PBT method should be followed in case of final Truing-Up since actual income and expenditure details are available.
- 2.13.4 Considering the Profit before Tax mechanism, the calculation of Income tax provides the tax payable for the Regulatory business whereby all the items of ARR and Revenue are considered on normative basis for tariff purpose. The Commission has undertaken prudence check on the Segmental Financial report submitted by KRCIPPL for its 'Power Distribution Division' segment and has observed that Income Tax section has not been covered under the said reports. KRCIPPL has also not submitted any Income Tax challans for the years FY 2019-20, FY 2020-21, and FY 2021-22.
- 2.13.5 In light of the above analysis, the Commission approves nil Income Tax for the FY 2019-20 in accordance with MYT Regulations 2015.
- 2.13.6 For FY 2020-21 and FY 2021-22, as per Regulations 34.2 of MYT Regulations 2019, the rate of Return on Equity, including additional rate of Return on Equity as allowed by the Commission under Regulation 29 of these Regulations shall be grossed up with the effective tax rate of respective financial year.
- 2.13.7 For FY 2020-21 and FY 2021-22, KRCIPPL has not submitted any documentation in support of the actual tax payment during the years and accordingly the Commission has not considered any effective tax rate for grossing up with Return on Equity. Thus, the Commission approves truing up of nil Income Tax for the said period.

2.14 Provisioning for Bad Debts

KRCIPPL's Submission

- 2.14.1 KRCIPPL has not claimed any provision for Bad and doubtful debt for FY 2019-20 to FY 2021-22 as no such provisioning has been done in its audited accounts.

Commission's Analysis and Ruling

- 2.14.2 As KRCIPPL has not envisaged any provisioning for bad debts, the Commission has also not considered any amount for FY 2019-20 to FY 2021-22.

2.15 Contribution to Contingency Reserves

KRCIPPL's Submission

- 2.15.1 In accordance with the MYT Regulations, 2015 and MYT Regulations, 2019 and the approach adopted by the Commission in the MYT Order, KRCIPPL has considered the Contribution to Contingency Reserve at 0.5% of Opening GFA for FY 2019-20 to FY 2021-22, as shown in the following Table:

Table 40: Contribution to Contingency Reserves for FY 2019-20 to FY 2021-22 as submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
A	Wires Business						
1	Opening Balance of GFA	0.00	0.00	14.43	19.86	20.56	19.90
2	Contribution to Contingency Reserves	0.00	0.00	0.072	0.08	0.103	0.11
B	Retail Supply Business						
3	Opening Balance of GFA	0.00	0.00	0.16	0.06	0.36	0.17
4	Contribution to Contingency Reserves	0.00	0.00	0.001	0.000	0.002	0.001

2.15.2 In accordance with the MYT Regulations, 2015 and MYT Regulations, 2019, KRCIPPL has invested the amount of Contribution to Contingency Reserves in approved securities and relevant documentary proof have been submitted to the Commission.

Commission's Analysis and Ruling

2.15.3 Regulations 34.1 of MYT Regulations, 2015 and Regulation 35.1 of MYT Regulations, 2019 provide for Contribution to Contingency Reserves from 0.25% to 0.5% of the opening GFA.

2.15.4 Further, the Commission noted that entire amount claimed for FY 2019-20, FY 2020-21 and FY 2021-22 was invested within timeline of six months from end of financial year as per Regulation 35.1 of the MYT Regulations, 2019.

2.15.5 In view of the above, the Contribution to Contingency Reserves approved by the Commission for FY 2019-20 to FY 2021-22 is summarised below:

Table 41: Contribution to Contingency Reserves allowed by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Wires Business									
Opening Balance of GFA	0.00	0.00	0.00	14.43	19.86	19.86	20.56	19.90	19.90
Contribution to Contingency Reserves	0.00	0.00	0.00	0.072	0.08	0.08	0.103	0.11	0.11

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Retail Supply Business									
Opening Balance of GFA	0.00	0.00	0.00	0.06	0.06	0.06	0.36	0.17	0.17
Contribution to Contingency Reserves for	0.00	0.00	0.00	0.000	0.000	0.000	0.002	0.001	0.001

2.16 Non- Tariff Income

KRCIPPL's Submission

2.16.1 Non-Tariff Income considered by KRCIPPL mainly comprises income from investments, Contingency reserve investments and income from consumer charges levied in accordance with the Schedule of Charges approved by the Commission. The interest on contingency reserve investments have been considered in the ratio of 90:10 between the Wires Business and Supply Business, in accordance with the Allocation Matrix specified in the applicable MYT Regulations.

2.16.2 The Non-Tariff Income considered by KRCIPPL for FY 2019-20 to FY 2021-22 is shown in the following Table:

Table 42: Non-Tariff Income for FY 2019-20 to FY 2021-22 as submitted by KRCIPPL (Rs. Crore)

Non-Tariff Income	FY 2019-20		FY 2020-21		FY 2021-22	
	MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
Wires Business						
Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission	-	0.0004	-	0.002	-	0.002
Total Wires Business	0.00	0.0004	0.00	0.002	0.002	0.002
Retail Supply Business						
Income from consumer charges levied in accordance with Schedule of Charges approved by the Commission		0.004		0.02		0.01
Total Supply Business	0.04	0.004	0.266	0.02	0.339	0.01

Commission's Analysis and Ruling

2.16.3 The Commission had observed that the Non-Tariff Income considered by KRCIPPL is significantly lower than that approved by the Commission for the FY 2020-21, FY 2021-22, and hence raised the query regarding the same. In reply KRCIPPL submitted that the actual Non-Tariff Income of KRCIPPL has been considered in accordance with the 'Other Income' reported in Audited Accounts, viz., Schedule 15 for FY 2019-20, Schedule 17 of

FY 2020-21 and Schedule 18 of FY 2021-22.

2.16.4 Thus, the Commission has carried out the requisite prudence check towards the Non-Tariff Income and therefore, the Commission approves it as shown in table below:

Table 43: Non-Tariff Income for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Non-Tariff Income for Wires Business	0.00	0.0004	0.0004	0.00	0.002	0.002	0.003	0.002	0.002
Non-Tariff Income for Supply Business	0.04	0.004	0.004	0.266	0.02	0.02	0.339	0.01	0.01

2.17 Revenue from Sale of Electricity

KRCIPPL’s Submission

2.17.1 KRCIPPL has considered the actual revenue from sale of electricity for FY 2019-20, FY 2020-21, and FY 2021-22, as per the Audited Accounts. Further, KRCIPPL has submitted category-wise break-up of revenue from Fixed Charges, Demand Charges, Energy Charges, etc.

2.17.2 The summary of revenue from sale of electricity for FY 2019-20 to FY 2021-22 submitted by KRCIPPL is shown in the following Table:

Table 44: Revenue from Sale of electricity for FY 2019-20 to FY 2021-22 as submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
1	Revenue from Sale of Electricity	5.81	8.39	17.046	9.66	22.742	12.32

2.17.3 KRCIPPL submitted that the revenue claimed in this Petition as stated in the above Table is after excluding revenue from sale of surplus energy. The revenue from sale of surplus power has been adjusted in the power purchase cost claimed in this Petition.

2.17.4 Subsequently, KRCIPPL has requested the Commission to approve the Revenue from sale of electricity in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table.

Commission’s Analysis and Ruling

2.17.5 The Commission has carried out a prudence check to ascertain the actual revenue received by KRCIPPL in this respect and accordingly approves the consolidated category-wise actual revenue for FY 2019-20, FY 2020-21, and FY 2021-22 from sale of electricity.

2.17.6 The Commission notes that COVID-19 pandemic and subsequent work-from-home culture adopted by consumers of KRCIPPL has led to reduction in sales and hence reduction in

revenue as compared to revenue approved in MYT Order. The Commission reconciled the revenue with the audited accounts for FY 2019-20, FY 2020-21 and FY 2021-22, and approves actual revenue as shown in table below:

Table 45: Revenue for FY 2019-20 to FY 2021-22 approved by the Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Revenue from Sale of Power	5.81	8.39	8.39	17.046	9.66	9.66	22.742	12.32	12.32

2.17.7 Accordingly, the Commission thus approves the actual revenue of Rs. 8.39 Crore, Rs. 9.66 Crore and Rs. 12.32 Crore for FY 2019-20, FY 2020-21, and FY 2021-22, respectively.

2.18 Sharing of gains/losses

KRCIPPL's Submission

2.18.1 In line with the Regulation 11 of MYT Regulations, 2015 and Regulations, 2019, KRCIPPL has claimed the difference between the actual O&M expenses (excluding employee expenses), in the True up of FY 2019-20 to FY 2021-22 as shown below:

Table 46: Sharing of Gains/(Losses) of O&M expenses submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be shared/borne by KRCIPPL
FY 2019-20					
1	O&M Expenses for Wires Business	0.68	0.74	(0.02)	(0.01)
2	O&M Expenses for Retail Supply Business	0.36	0.40	(0.01)	(0.00)
3	Total Sharing to be claimed/(adjusted) in ARR				(0.01)
FY 2020-21					
1	O&M Expenses for Wires Business	0.75	0.76	(0.002)	(0.001)
2	O&M Expenses for Retail Supply Business	0.40	0.41	(0.004)	(0.002)
3	Total Sharing to be claimed/(adjusted) in ARR				(0.003)
FY 2021-22					
1	O&M Expenses for Wires Business	0.77	0.71	0.02	0.01
2	O&M Expenses for Retail Supply Business	0.41	0.39	0.01	0.00
3	Total Sharing to be claimed/(adjusted) in ARR				0.01

2.18.2 KRCIPPL has also computed sharing of gains/(losses) on account of difference between normative Interest on Working Capital approved and claimed in the True up of FY 2019-20, FY 2020-21, and FY 2021-22.

Table 47: Sharing of Gains/(Losses) on Interest on Working Capital submitted by KRCIPPL(Rs. Crore)

Sr. No.	Particulars	Normative	Actual	Gain / (Loss)	Efficiency Gain/(Loss) to be shared/borne by KRCIPPL
FY 2019-20					
1	Interest on Working Capital for Wires Business	-	-	-	-
2	Interest on Working Capital for Retail Supply Business	-	-	-	-
3	Total Sharing to be adjusted/(claimed) in ARR	-	-	-	(0.00)
FY 2020-21					
1	Interest on Working Capital for Wires Business	0.05	0.04	0.01	0.00
2	Interest on Working Capital for Retail Supply Business	-	0.04	(0.04)	(0.01)
3	Total Sharing to be adjusted/(claimed) in ARR				(0.01)
FY 2021-22					
1	Interest on Working Capital for Wires Business	0.06	0.04	0.02	0.01
2	Interest on Working Capital for Retail Supply Business	-	0.05	(0.05)	(0.03)
3	Total Sharing to be adjusted/(claimed) in ARR				(0.02)

Commission’s Analysis and Ruling

2.18.3 The Commission has computed sharing of gains/losses in line with the Regulation 11 of MYT Regulations, 2015, for FY 2019-20 and MYT Regulations, 2019 for FY 2020-21 and FY 2021-22.

2.18.4 The Commission observes that KRCIPPL has considered O&M expenses & IoWC as controllable factors and accordingly proposed sharing of gain/loss for these expenses. KRCIPPL has requested the Commission not to consider any sharing of gains or losses for distribution loss target, as the Distribution Losses are very low and are purely technical in nature.

Sharing of gains/losses of O&M Expenses

2.18.5 The Commission in its MYT Order in Case no. 329 of 2019, has ruled that:

3.7.21 “For FY 2019-20, the Commission has taken the O&M expenses proportionately from 1 June, 2019 to 31 March, 2020. Accordingly, in absence of any past trend as FY 2019- 20 being the first year of operations, the Commission is provisionally approving O&M expenses of Rs. 1.04 Crore, i.e. Rs. 0.68 Crore and Rs. 0.36 Crore for the Distribution Wires Business and Retail Supply Business, respectively subject to prudence check without any sharing of efficiency gain / loss at the time of Truing-up of FY 2019-20.”

*"4.7.15 The Commission has observed that there is considerable variation in sales of MBPPL and GEPL even after the many years of operations. In case of GEPL, it was observed that actual sales realisation was much lower than approved by the Commission for GEPL for 3rd Control Period. In case of all the three SEZ's (Deemed Distribution Licensees), certain portion of O&M expense is linked to sales and considering such a large variation, unpredictability in sales, there is likely to be large variation in normative number approved by the Commission based on estimated sales and lower actual realisation thereby defeating the purpose of approving the normative expense as it will always result in sharing of gains. However, it is imperative to achieve the objective of approving the normative expense so that licensee is obligated to bring in efficiency to limit its expenses within the norms approved by the Commission. Accordingly, in the absence of any past trends for KRCIPPL and also to achieve the objective of approving the normative expense, the Commission has escalated the O&M Expense approved in this Order for FY 2019-20 by the escalation factor of 2.83% to derive the norms applicable to KRCIPPL for 4th Control Period. However, for the reason stated above, **at the time of Truing-up if actual allowable O&M expenses is found to be lower than the normative, then actual expenses will be allowed without any sharing of gains. Whereas, if actual expenses is higher than the normative then losses will be shared based on prudence check.**"*

2.18.6 As this MTR Order includes Truing up of the FY 2019-20, the Commission has not considered sharing of efficiency gains/ losses on O&M expenses for FY 2019-20 in line with the stand taken in the MYT Order.

2.18.7 For FY 2020-21 and FY 2021-22, since the actual allowable O&M expenses have come out to be higher than normative, the Commission, in line with the approach in the MYT Order has allowed sharing of losses for the year FY 2020-21 and FY 2021-22 as per the mechanism set in the MYT Regulations, 2019.

Sharing of gains/losses of IoWC

2.18.8 KRCIPPL has clarified that actual Interest on Working Capital is not shown in the Audited Accounts of FY 2019-20 to FY 2021-22, as there are no loans on the books of the licensee, and the loans considered are for the parent entity.

2.18.9 In this regard, Regulation 31.6 of the MYT Regulations, 2015 specifies as under:

*"31.6 For the purpose of Truing-up for each year, **the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred** by the Generating Company or Licensee or MSLDC, substantiated by documentary evidence, shall be considered as an efficiency gain or efficiency loss, as the case may be, on account of controllable factors, and shared between it and the respective Beneficiary or consumer as the case may be, in accordance with Regulation 11:... " **(emphasis added)***

2.18.10 Similarly, Regulation 32.6 of the MYT Regulations, 2019 provides as under:

*"32.6 For the purpose of Truing-up for each year, **the variation between the normative interest on working capital computed at the time of Truing-up and the actual interest on working capital incurred** by the Generating Company or Licensee or MSLDC, substantiated by documentary evidence, shall be considered as an efficiency gain or*

efficiency loss, as the case may be, on account Of controllable factors, and shared between it and the respective Beneficiary/ies or consumer as the case may be, in accordance with Regulation 11:... " (emphasis added)

2.18.11 Hence, in accordance with the MYT Regulations, 2015 applicable for truing up of FY 2019-20 and the MYT Regulations, 2019 applicable for truing up of FY 2020-21 and FY 2021-22, the Commission has considered the actual working capital interest as ‘zero’ and the difference between the revised normative IOWC and actual IoWC (zero) is computed as efficiency gains.

Sharing of G/L of Distribution Losses

2.18.12 In the MYT Order, the Commission had directed KRC discoms to undertake a technical study to assess the actual distribution loss considering the No load loss on the transformers and provide the study report at the time of MTR submission along with the detailed calculation of distribution loss. KRCIPPL has submitted the technical loss report. Based on the findings of the study report carried out by KRCIPPL, the Commission observed that the losses are purely on technical basis and therefore has decided not to undertake any sharing of gains/ loss on account of distribution loss for FY 2019-20, FY 2020-21 and FY 2021-22.

2.18.13 The Commission after undertaking prudence check on the documents submitted by KRCIPPL approves the sharing of gains/losses for said period as shown below:

Table 48: Sharing of efficiency gains/ (losses) of O&M expenses & IOWC for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

FY 2019-20

Sr. No.	Particulars	Normative	Actual	Gain	Rebate in Tariff	Efficiency gain retained
1	O&M Expenses for Wires Business	0.68	0.49	-	-	-
2	O&M Expenses for Retail Supply Business	0.36	0.26	-	-	-
3	Interest on Working Capital for Wires Business	-	-	-	-	-
4	Interest on Working Capital for Retail Supply Business	-	-	-	-	-

FY 2020-21

Sr. No.	Particulars	Normative	Actual	Gain	Rebate in Tariff	Efficiency gain retained
1	O&M Expenses for Wires Business	0.50	0.63	-0.13	-0.04	-0.09
2	O&M Expenses for Retail Supply Business	0.27	0.34	-0.07	-0.02	-0.05
3	Interest on Working Capital for Wires Business	0.01	-	0.01	0.01	0.00
4	Interest on Working Capital for Retail Supply Business	0.00	-	-	-	-

FY 2021-22

Sr. No.	Particulars	Normative	Actual	Gain	Rebate in Tariff	Efficiency retained	gain
1	O&M Expenses for Wires Business	0.52	0.75	-0.22	-0.07		-0.15
2	O&M Expenses for Retail Supply Business	0.28	0.40	-0.12	-0.04		-0.08
3	Interest on Working Capital for Wires Business	0.01		0.01	0.01		0.00
4	Interest on Working Capital for Retail Supply Business	0.00		-	-		-

2.19 Segregation of Wires and Supply ARR

KRCIPPL’s Submission

2.19.1 As regards the segregation of ARR into Wires Business and Supply Business for each component of ARR, the same has been considered as specified in the MERC MYT Regulations, 2015 and MERC MYT Regulations, 2019, as shown below:

Table 49: Allocation Matrix for segregation of ARR into Wires and Supply Business (as submitted by KRCIPPL)

Particulars	Wires Business	Supply Business
Power Purchase Expenses	0%	100%
Inter-State Transmission Charges	0%	100%
Intra-State Transmission Charges	0%	100%
Operation & Maintenance Expenses	65%	35%
Interest on Working Capital	10%	90%
Interest on Consumer Security Deposits	10%	90%
Provision for Bad & Doubtful Debts	10%	90%
Income Tax	90%	10%
Contribution to Contingency Reserves	90%	10%
Non-Tariff Income	10%	90%

Commission’s Analysis and Ruling

2.19.2 Regulation 68 and 71 of the MYT Regulations, 2015 and MYT Regulations, 2019 outlines the requirement of separation of accounts of Distribution Licensee into Distribution Wires Business and Retail Supply Business. It also stipulates that, in the absence of separate accounting records, the Allocation Matrix specified in the Regulations should be used for apportioning the ARR.

2.19.3 The Allocation Matrix specified in the Regulations 7171 of the MYT Regulations 2019 has been considered by the Commission. However, with regards to the rebate on power procurement cost, the same has been allocated 100% on the supply business.

2.20 Aggregate Revenue Requirement for FY 2019-20 to FY 2021-22

KRCIPPL’s Submission

2.20.1 The Summary of ARR for FY 2019-20 to FY 2021-22 for Distribution Wires Business is shown in the following Table:

Table 50: ARR Summary for Distribution Wires Business for FY 2019-20 to FY 2021-22 as submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
1	O&M Expenses	0.675	0.74	0.745	0.76	0.767	0.71
2	Depreciation	0.381	0.52	0.924	1.05	1.252	1.17
3	Interest on Loan Capital	0.450	0.65	1.055	1.11	1.357	0.96
4	Interest on Working Capital	0.00	0.00	0.046	0.04	0.062	0.04
5	Interest on CSD	0.006	0.01	0.008	0.01	0.010	0.01
6	Provision for bad and doubtful debts	0.00	0.00	0.000	0.00	0.000	0.00
7	Contribution to Contingency Reserves	0.00	0.00	0.072	0.08	0.103	0.11
8	Income Tax	0.00	0.00				
9	Sharing of Gains/(Losses)		(0.01)		0.01		0.03
	Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs				0.05		0.29
10	Total Revenue Expenditure	1.512	1.92	2.850	3.10	3.550	3.31
11	Add: Return on Equity Capital	0.336	0.46	0.735	0.93	0.996	1.05
11	Aggregate Revenue Requirement	1.848	2.38	3.585	4.03	4.546	4.36
12	Less: Non-Tariff Income	0.00	0.00	0.000	0.00	0.002	0.00
13	Total ARR	1.848	2.38	3.585	4.03	4.543	4.36

2.20.2 The Summary of ARR for FY 2019-20 to FY 2021-22 for the Retail Supply Business is shown in the following Table:

Table 51: ARR Summary for Retail Supply Business for FY 2019-20 to FY 2021-22 as submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
1	Power Purchase Expenses	2.111	3.19	12.833	4.09	16.321	5.90
2	O&M Expenses	0.364	0.40	0.401	0.41	0.413	0.39
3	Depreciation	0.017	0.01	0.055	0.02	0.086	0.03
4	Interest on Loan Capital	0.004	0.002	0.012	0.01	0.017	0.005

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	MTR Petition	MYT Order	MTR Petition	MYT Order	MTR Petition
5	Interest on Working Capital	-	-	0.00	0.04	0.000	0.05
6	Interest on CSD	0.057	0.08	0.069	0.11	0.092	0.11
7	Provision for bad and doubtful debts	-	-	0.00	0.00	0.000	0.00
8	Contribution to Contingency Reserves	-	-	0.001	0.00	0.002	0.00
9	Intra-State Transmission Charges	0.122	-	1.595	1.55	1.579	1.54
10	MSLDC Fees & Charges	0.069	-	0.008	0.01	0.007	0.01
11	Income Tax	-	-				
12	Sharing of Gains/(Losses)		(0.01)		(0.03)		(0.03)
	Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs				0.02		0.15
13	Total Revenue Expenditure	2.745	3.68	14.974	6.23	18.518	8.15
14	Add: RoE	0.004	0.01	0.012	0.01	0.020	0.01
15	Aggregate Revenue Requirement	2.749	3.68	14.986	6.23	18.538	8.16
16	Less: Non-Tariff Income	0.044	0.00	0.266	0.02	0.339	0.01
17	Aggregate Revenue Requirement from Retail Supply	2.705	3.68	14.720	6.22	18.199	8.15

Commission's Analysis and Ruling

2.20.3 Based on the foregoing analysis by the Commission, the Commission has approved the ARR for FY 2019-20 to FY 2021-22, as summarised in the tables below :

Table 52: ARR for Wires Business of KRCIPPL for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Operation & Maintenance Expenses	0.68	0.74	0.49	0.75	0.76	0.63	0.77	0.71	0.75
Depreciation	0.38	0.52	0.52	0.92	1.05	1.05	1.25	1.17	1.17
Interest on Loan Capital	0.45	0.65	0.57	1.05	1.11	1.00	1.36	0.96	0.93
Interest on Working Capital	-	-	-	0.05	0.04	0.01	0.06	0.04	0.01
Interest on deposit from Consumers and	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution System Users									
Contribution to contingency reserves	-	-	-	0.07	0.08	0.08	0.10	0.11	0.11
Income Tax	-	-	-	-	-	-	-	-	-
Sharing of gains/(losses)	-	-0.01	-	-	0.01	-0.08	-	0.03	-0.15
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	-	0.05	-	-	0.29	-
Total Revenue Expenditure	1.51	1.92	1.59	2.85	3.10	2.70	3.55	3.31	2.83
Add: Return on Equity Capital	0.34	0.46	0.46	0.74	0.93	0.92	1.00	1.05	1.03
Aggregate Revenue Requirement	1.85	2.38	2.05	3.59	4.03	3.62	4.55	4.36	3.86
Less: Non-Tariff Income	-	0.00	0.00	-	0.00	0.00	0.00	0.00	0.00
Aggregate Revenue Requirement from Distribution Wires	1.85	2.38	2.05	3.59	4.03	3.62	4.54	4.36	3.86

Table 53: ARR approved by Commission for Supply Business of KRCIPPL for FY 2019-20 to FY 2021-22 (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	2.11	3.19	3.19	12.83	4.09	4.09	16.32	5.90	5.88
Operation & Maintenance Expenses	0.36	0.40	0.26	0.40	0.41	0.34	0.41	0.39	0.40
Depreciation	0.02	0.01	0.01	0.06	0.02	0.02	0.09	0.03	0.03
Interest on Loan Capital	0.00	0.00	0.00	0.01	0.01	0.00	0.02	0.00	0.00
Interest on Consumer Security Deposit	0.06	0.08	0.08	0.07	0.11	0.10	0.09	0.11	0.11

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Contribution to contingency reserves	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00
Intra-State Transmission Charges	0.12	-	-	1.60	1.55	1.55	1.58	1.54	1.54
MSLDC Fees & Charges	0.07	-	-	0.01	0.01	0.01	0.01	0.01	0.01
Sharing of gains/(losses)	-	(0.01)	-	-	(0.03)	(0.05)	-	(0.03)	(0.08)
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	-	0.02	-	-	0.15	-
Total Revenue Expenditure	2.75	3.68	3.54	14.97	6.23	6.08	18.52	8.15	7.89
Add: Return on Equity Capital	0.00	0.01	0.01	0.01	0.01	0.01	0.02	0.01	0.01
Aggregate Revenue Requirement	2.75	3.68	3.55	14.99	6.23	6.08	18.54	8.16	7.90
Less: Non-Tariff Income	0.04	0.00	0.00	0.27	0.02	0.02	0.34	0.01	0.01
Aggregate Revenue Requirement from Retail Supply	2.70	3.68	3.54	14.72	6.22	6.07	18.20	8.15	7.88

Table 54: Combined ARR for Distribution Wires and Supply Business of KRCIPPL for FY 2019-20 to FY 2021-22 approved by Commission (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (including	2.11	3.19	3.19	12.83	4.09	4.09	16.32	5.90	5.88

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Inter-State Transmission Charges)									
Operation & Maintenance Expenses	1.04	1.15	0.75	1.15	1.17	0.97	1.18	1.10	1.15
Depreciation	0.40	0.53	0.53	0.98	1.07	1.07	1.34	1.20	1.20
Interest on Loan Capital	0.45	0.65	0.57	1.07	1.12	1.00	1.37	0.96	0.94
Interest on Working Capital	-	-	-	0.05	0.08	0.01	0.06	0.09	0.01
Interest on Consumer Security Deposit	0.06	0.09	0.09	0.08	0.12	0.11	0.10	0.12	0.12
Write-off of Provision for bad and doubtful debts	-	-	-	-	-	-	-	-	-
Contribution to contingency reserves	-	-	-	0.07	0.08	0.08	0.10	0.11	0.11
Intra-State Transmission Charges	0.12	-	-	1.60	1.55	1.55	1.58	1.54	1.54
MSLDC Fees & Charges	0.07	-	-	0.01	0.01	0.01	0.01	0.01	0.01
Income Tax	-	-	-	-	-	-	-	-	-
Sharing of gains/(losses)	-	(0.02)	-	-	(0.02)	(0.13)	-	(0.00)	(0.23)
Impact of restatement of O&M expenses based on share of sales of KRC DISCOMs	-	-	-	-	0.06	-	-	0.44	-
Total Revenue Expenditure	4.26	5.60	5.13	17.82	9.32	8.77	22.07	11.47	10.72
Add: Return on Equity Capital	0.34	0.47	0.47	0.75	0.94	0.93	1.02	1.06	1.04
Aggregate Revenue Requirement	4.60	6.07	5.60	18.57	10.26	9.71	23.08	12.53	11.76
Less: Non-Tariff Income	0.04	0.00	0.00	0.27	0.02	0.02	0.34	0.02	0.02
Less: Income from other business	-	-	-	-	-	-	-	-	-
Aggregate Revenue	4.55	6.06	5.60	18.30	10.24	9.69	22.74	12.51	11.74

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Requirement from wires and Retail Supply									

2.21 Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22

KRCIPPL Submission:

2.21.1 KRCIPPL has computed the combined Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22 as shown in the following table:

Table 55: Revenue Gap/ (Surplus) for FY 2019-20 to FY 2021-22 as submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2019-20		FY 2020-21		FY 2021-22	
		MYT Order	Actual for Truing up	MYT Order	Actual for Truing up	MYT Order	Actual for Truing up
1	ARR for Distribution Wires Business	1.85	2.38	3.59	4.03	4.54	4.36
2	ARR for Retail Supply Business	2.70	3.68	14.72	6.22	18.20	8.15
3	Combined ARR for Wires and Retail Supply Business	4.55	6.06	18.30	10.24	22.74	12.51
4	Revenue from Wheeling Charges		0.23		1.28		1.71
5	Revenue from sale of electricity		8.16		8.37		10.61
6	Total Revenue		8.39		9.66		12.32
7	Gap/(Surplus of Wires Business)		2.15		2.74		2.65
8	Gap/(Surplus of Supply Business)		(4.48)		(2.16)		(2.46)
9	Combined Revenue Gap/(Surplus)		(2.33)		(0.67)		0.19

2.21.2 KRCIPPL requested the Commission to approve the Revenue Gap/(Surplus) in the truing up for FY 2019-20, FY 2020-21, and FY 2021-22, as shown in the above Table. Further, considering the peculiar circumstances under which the Revenue Gap has been generated, viz., combination of lower sales due to COVID-19 impact, lower tariffs due to deferment of revenue requirement, recovery of fixed Wires ARR through variable sales units, which have declined sharply, etc., KRCIPPL requested the Commission to consider the combined Revenue Gap of the Wires Business and Supply Business, rather than separately.

2.21.3 Further, the recovery of the above Revenue Gap/(Surplus) has been claimed over the remaining years of the Control Period, i.e., FY 2023-24 and FY 2024-25

Commission's Analysis and Ruling:

2.21.4 The Commission has arrived at the Revenue Gap/(Surplus) values upon analysis of all the

ARR components and submissions made by KRCIPPL.

2.21.5 Accordingly, resulting Revenue Gap/ (Surplus) approved by the Commission for FY 2019-20 to FY 2021-22 is as follows:

Table 56: Revenue Gap/ (Surplus) for FY 2019-20 and FY 2021-22 approved by Commission (Rs. Crore)

Sr No	Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
1	ARR for Distribution Wires Business	1.85	2.38	2.05	3.59	4.03	3.62	4.54	4.36	3.86
2	ARR for Retail Supply Business	2.70	3.68	3.54	14.72	6.22	6.07	18.20	8.15	7.88
3	Combined ARR for Wires and Retail Supply Business	4.55	6.06	5.60	18.30	10.24	9.69	22.74	12.51	11.74
4	Revenue from Wheeling Charges		0.23	0.23		1.28	1.28		1.71	1.71
5	Revenue from sale of electricity		8.39	8.39		9.66	9.66		12.32	12.32
6	Total Revenue		8.62	8.62		10.94	10.94		14.03	14.03
7	Gap/(Surplus) of Wires Business	-	2.15	1.82	-	2.74	2.34	-	2.65	2.15
8	Gap/(Surplus) of Supply Business	-	(4.48)	(4.62)	-	(2.16)	(2.31)	-	(2.46)	(2.72)
9	Combined Revenue Gap/(Surplu s)	-	(2.33)	(2.80)	-	0.59	0.03	-	0.19	(0.58)

2.21.6 The detailed analysis underlying the Commission's approval of individual ARR elements on Truing up of FY 2019-20 to FY 2021-22 is already set out above, however, the variation in the ARR sought by KRCIPPL and that approved by the Commission is mainly on account of the sharing of gains/losses on account of O&M expenses and interest on long term loans.

3 PROVISIONAL TRUING-UP OF ARR FOR FY 2022-23

3.1 Background

- 3.1.1 KRCIPPL has sought provisional Truing-up of FY 2022-23 in accordance with MYT Regulations, 2019, as specified in Regulation 5.1 (b) (iii), based on the estimated/provisional expenditure and revenue. KRCIPPL has also presented the comparison of expenditure and revenues approved by the Commission vide the MYT Order dated 30 March 2020 in Case No. 329 of 2019 vis-à-vis the estimated performance.
- 3.1.2 The provisional Truing up for FY 2022-23 has been assessed based on actual values of energy sales, power purchase, revenue, and expenditure from 1 April 2022 to 30 September 2022, and estimated values of energy sales, power purchase, revenue and expenditure from 1 October 2022 to 31 March 2023 in accordance with the provisions of MYT Regulations, 2019.
- 3.1.3 The detailed analysis underlying the Commission’s approval for Provisional Truing-up of FY 2022-23 is set out below:

3.2 Energy Sales

KRCIPPL’s Submission

- 3.2.1 As against the approved sales of 47.73 MU for FY 2022-23 in the MYT Order, the estimated energy sales in FY 2022-23 is 26.04 MU. The actual sales in H1 of FY 2022-23 were 11.55 MU. For estimating the energy sales for the six-month period from October 2022 to March 2023, KRCIPPL has projected monthly sales on the basis of past trend in sales during this period, as compared to overall sales during the year.
- 3.2.2 The summary of Energy Sales (actual and estimated) for FY 2022-23 is shown in the Table below:

Table 57: Estimated Energy Sales for FY 2022-23 as submitted by KRCIPPL (MU)

Consumer Category & Consumption Slab	FY 2022-23			
	MYT Order	Apr-Sep (Actual)	Oct-Mar (Estimated)	Provisional Truing up
HT Category				
HT-I	42.09	9.33	11.40	20.73
HT-II	1.18	0.00	0.00	0.00
HT-III	-	0.00	0.00	0.00
HT VIII (B)	-	0.00	0.00	0.00
Sub-total	43.27	9.33	11.40	20.73
LT Category	-		-	-
LT-II (A)	-	0.03	0.01	0.04
LT-II (B)	4.47	0.11	0.33	0.44
LT-II (C)	-	0.00	0.00	0.00
LT-III (B)	-	2.08	2.75	4.83
LT VII (B)	-	0.00	0.00	-
Sub-total	4.47	2.22	3.09	5.30
Total	47.73	11.55	14.49	26.04

Commission’s Analysis and Ruling

3.2.3 On analysing the trend, it is observed that energy sales in second half of financial year is almost 64% of the annual sales for FY 2019-20, FY 2020-21 and FY 2021-22 as shown in the following table:

Table 58. Contribution of October-March towards energy sales in FY 2019-20, FY 2020-21 and FY 2021-22

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Energy sales (MU)	5.17	9.60	14.20
April-September	0.90	4.01	6.66
October-March	4.26	5.59	7.53
Energy sales (%)			
April-September	17.41%	41.77%	46.90%
October-March	82.40%	58.23%	53.03%
Average H2 sales as %ge of annual sales	64.55%		

3.2.4 Further, in response to the query raised by the Commission for submitting updated status of building occupancy and maximum load for FY 2022-23, KRCIPPL submitted the following:

“The updated status of Building occupancy and maximum load for FY 2022-23 is as under:

Building No	Occupancy Status as on September, 2022	Current Load (Max) in kVA
G2	100%	2691.8
R1	100%	2746.06
R4	100%	2262.86

3.2.5 KRCIPPL’s projection for second half of FY 2022-23 is in line with above trends for past years. Also, KRCIPPL, being a Distribution Licensee, is aware of the ground realities and is hence in a better position to assess its impact on the estimated sales. Further, sales being an uncontrollable factor as per Regulation 9 of the MYT Regulations, 2019, the energy sales of 26.04 MU as submitted by KRCIPPL are provisionally approved by the Commission for FY 2022-23. Any variation in actual sales will be trued up at time of final Truing-up.

Table 59: Category-wise actual Energy Sales for FY 2022-23 approved by the Commission (MU)

Consumer Category	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
HT Category			
HT I	42.09	20.73	20.73
HT II	1.18	0.00	0.00
Sub-total HT	43.27	20.73	20.73
LT Category			
LT II (A)		0.04	0.04
LT II (B)	4.47	0.44	0.44
LT III (B)		4.83	4.83
Sub-total LT	4.47	5.30	5.30
Total	47.73	26.04	26.04

3.3 Distribution Loss

KRCIPPL’s Submission

- 3.3.1 The Commission, in the MYT Order, approved the distribution loss of 2.50% for FY 2022-23.
- 3.3.2 After considering the actual energy sales and the actual energy drawal at the interface point (T<>D Interface) for the first half of FY 2022-23 which works out to 1.51%, considering the T<> D Interface consumption as per the DSM meters. For the remaining period i. e. H2 of FY 22-23, the distribution loss trend should be in line with the past period i. e. 1.51%, which was based on DSM meters. Hence, for the provisional true-up of FY 2022-23, KRCIPPL requested Commission to consider distribution loss of 1.51% for the provisional true-up of FY 22-23.
- 3.3.3 The energy input data has been considered as per the Deviation Settlement Mechanism (DSM) metering, as provided by MSLDC, for the period from April 2022 to September 2022.
- 3.3.4 Further, KRCIPPL submitted that it has established the distribution network primarily on the higher voltage level of 22 kV. Consequently, the Distribution Losses are very low, and on account of only Technical loss in the system. KRCIPPL has estimated Distribution Loss of 1.51% for FY 2022-23, which is very low, and there is no scope for reducing it further. The Distribution Loss for FY 2022-23 is shown in the following Table:

Table 60: Distribution Loss for FY 2022-23 as submitted by KRCIPPL

Particulars	MYT Order	MTR Petition
Distribution Loss (%)	2.50%	1.51%

Commission’s Analysis and Ruling

- 3.3.5 KRCIPPL has projected Distribution Loss for H2 of FY 2022-23 at the same level of H1 of FY 2022-23. The Commission in MYT Order in Case 329 of 2019 has given Distribution Loss trajectory for MYT Control Period.
- 3.3.6 Accordingly, the Distribution Loss provisionally approved by the Commission for FY 2022-23 is as shown in the following Table:

Table 61: Distribution Loss for FY 2022-23 approved by the Commission

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Loss (%)	2.50%	1.51%	2.50%

3.4 Energy Balance

KRCIPPL’s Submission

- 3.4.1 KRCIPPL has considered the Energy Balance for FY 2022-23 after considering the estimated energy sales, Distribution Loss and energy purchase. Further, KRCIPPL has considered the actual InSTS loss for first half of FY 2022-23 based on State Grid Loss account maintained by MSLDC and estimated InSTS loss of 3.18% for second half of FY

2022-23, as approved by the Commission for FY 2022-23 in the MYT Order.

3.4.2 The estimated Energy Balance for FY 2022-23 is shown in the following Table:

Table 62: Energy Balance for FY 2022-23 as submitted by KRCIPPL

Particulars	FY 2022-23	
	MYT Order	Provisional truing up
Energy Sales (MU)	47.73	26.04
Distribution loss (%)	2.50%	1.51%
Energy Requirement at T<>D (MU)	48.95	26.44
Intra-State Transmission Loss (%)	3.18%	3.25%
Energy Requirement at G<>T (MU)	50.56	27.33
Total Power Purchase at State Periphery (MU)	50.56	27.38
DSM (MU)	0.00	(0.17)
Less: Surplus Energy Traded (MU)	0.00	0.00
Total Power Available at G<>T (MU)	50.56	27.20

3.4.3 KRCIPPL requested the Commission to approve the Energy Balance in the provisional truing up for FY 2022-23, as shown in the above table.

Commission’s Analysis and Ruling

3.4.4 For projecting the energy requirement, the Commission has considered the approved energy sales and Distribution Loss for FY 2022-23. The Commission has considered InSTS Loss of 3.18% as approved in the MYT Order in Case No. 329 of 2019.

3.4.5 Accordingly, the total energy requirement provisionally approved for FY 2022-23 is as shown in the table below:

Table 63: Energy Balance for FY 2022-23 approved by Commission (MU)

Particulars	FY 2022-23		
	MYT Order	MTR Petition	Approved in this Order
Energy Sales (MU)	47.73	26.04	26.04
Distribution loss (%)	2.50%	1.51%	2.50%
Energy Requirement at T<>D (MU)	48.95	26.44	26.71
Intra-State Transmission Loss (%)	3.18%	3.25%	3.18%
Energy Requirement at G<>T (MU)	50.56	27.33	27.58
Total Purchase at State Periphery (MU)	50.56	27.20	27.64
Less: Surplus Energy Traded (MU)	-	-	-
Imbalance Pool (MU)		(0.17)	(0.17)
Total Energy Purchased (MU)	50.56	27.20	27.58

3.5 Power Procurement Cost

KRCIPPL’s Submission

3.5.1 The power purchase quantum and cost of KRCIPPL includes the purchase from conventional sources for meeting its Base Load and Peak Load requirement, RE power purchase and net purchase from Imbalance Pool.

3.5.2 The KRC DISCOMs have entered into a PPA with GMRETL for purchase of 8 MW base load power from the period from 1 November 2022 to 31 October 2023, and for purchase

of 4 MW Peak Load (Renewable Energy – NSL Sugars) power from PTC Ltd. for the period from 1 November 2022 to 28 February 2023. These PPAs have been duly approved by the Commission vide its Order dated 28 October 2022 in Case No. 177 of 2022. The average rate of Base Load power is Rs. 6.35/kWh and the average rate of RE Peak Load power is Rs. 7.95/kWh.

Renewable Purchase Obligation

- 3.5.3 In accordance with the MERC RPO Regulations, 2019, the RPO targets are 8% for Solar and 11.50% for Non-Solar for FY 2022-23.
- 3.5.4 Thus, for meeting the RPO target for FY 2022-23, KRCIPPL has estimated purchase of Solar power at the cost of Rs. 4.55 Crore and Non-Solar power at the cost of Rs. 5.52 Crore. Also, KRCIPPL has estimated purchase of Non-solar power from PTC - NSL Sugars at the cost of Rs. 7.95 Crore. The total cost of purchase of Solar and Non-Solar power is thus, estimated at Rs. 18.02 Crore.
- 3.5.5 KRCIPPL submitted that the Commission in its Order dated 23 January 2021 in Case No. 231 of 2020 has encouraged KRC DISCOMs to try and maximize procurement of Solar power.
- 3.5.6 In H1 of FY 2022-23, KRCIPPL has procured 1.91 MU out of total quantum of 12.12 MU power procured, which contributes to 15.77%.

DSM

- 3.5.7 KRCIPPL considered the actual quantum and cost of purchase from Imbalance Pool for first half of FY 2022-23. As purchase from Imbalance Pool cannot be projected as a source of supply, the same has not been estimated for the second half of FY 2022-23.
- 3.5.8 The actual power purchase quantum and cost for FY 2022-23 as claimed by KRCIPPL is shown in the following table:

Table 64: Power Purchase Cost for FY 2022-23 as submitted by KRCIPPL

Source of Power (Station wise)	MYT Order			Provisional Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
Short-term Sources						
Base Load	40.70	15.94	3.92			
GMR - Bilateral	-	-	-	8.35	5.27	6.31
GMR-STPP PPA	-	-	-	10.06	6.39	6.35
Purchase of additional power (Exchange)	-	-	-	3.66	2.44	6.68
DSM	-	-	-	(0.17)	(0.05)	2.73
Solar Purchase	4.05	1.17	2.90	1.80	1.21	6.69
Non-Solar Purchase	5.81	1.67	2.87	1.01	0.71	7.03
Non-Solar Purchase – NSL Sugars	-	-	-	2.50	1.99	7.95
Power Exchange Charges	-	-	-	-	0.00	-

Source of Power (Station wise)	MYT Order			Provisional Truing up		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
Bank Guarantee of KEIPL invoked	-	-	-	-	(0.72)	-
FBSM	-	-	-	-	(0.08)	-
Total	50.56	18.78	3.71	27.20	17.16	6.31

Commission’s Analysis and Ruling

Power Purchase for Base Load and Peak Load

3.5.9 The Commission observes that the short term and medium-term power procured by KRCIPPL is from the sources/contracts entered into by KRCIPPL through Competitive Bidding route. It is also as adopted by the Commission in its various Orders as and when KRCIPPL approached for approval of the same. The details of such contracts are outlined in the Table below:

Table 65: Approval of Power Procurement and adoption of Tariff for FY 2022-23

FY	Period	Time Slot	Quantum	Avg. Rate	Seller	Delivery Point	MERC Order – Case No. and Date
2022-2023	-	00:00 to 24:00 hrs	as and when required basis	exchange linked rates	Exchange /GMR	Regional Periphery	Case No.138 of 2022 dated 15 September 2022
2022-2023 to 2023-2024	1 Nov22 to 31 Oct,23	00:00 to 24:00 hrs	1.5	6.35	GMRETL	Maharashtra State Periphery	Case No.177 of 2022 dated 28 October 2022
2022-2023 to 2023-2024	1 Nov22 to 28 Feb23	00:80 to 23:00 hrs	1	7.95	PTC India Ltd.	Maharashtra State Periphery	Case No.177 of 2022 dated 28 October 2022

3.5.10 KRCIPPL has been procuring power from Medium Term and short-term sources i.e., M/s. GMRETL. The PPA with GMRETL for both the sources is approved by the Commission. The Delivery Point of power purchased by KRCIPPL for FY 2022-23 is at Maharashtra State periphery as per the PPA.

3.5.11 The Commission has observed that the Power purchase cost estimated is significantly higher than the cost approved for FY 2022-23 and sought clarification over the same from KRCIPPL. In response to the query, KRCIPPL submitted that the PPA between KRC DISCOMs and Kreate Energy was valid for a period of 1 year i.e., from July 1, 2021 to June 30, 2022. However, Kreate Energy did not supply any energy to KRCIPPL for the period from April to June 2022. In the absence of the power supply from the contracted source, KRCIPPL had procured the power from other sources (exchange and bilateral transaction) at market linked prices, which has resulted in higher power purchase cost.

3.5.12 In this regard, KRC DISCOMs had filed a Petition before the Commission seeking

approval of the Commission for undertaking combined power purchase at Power Exchange linked rates for the period from July 2022, till alternative arrangements are in place (Case No. 138 of 2022). All the details and reasons and justification for higher power purchase cost till June 2022 have been stated in the Petition for exchange linked power purchase and reasoning for non-tied up of power from July 2022 onwards is also mentioned.

- 3.5.13 As a result of the non-supply of power from Kreate Energy during the period from April 2022 to June 2022, and due to the non-discovery of competitive procured power from July 2022 to October 2022, KRCIPPL purchased power from Power Exchange at market rates and exchange-linked rates. In accordance with the provisions of the PPA, KRCIPPL has encashed the Performance Bank Guarantee (PBG) of Kreate Energy, amounting to Rs. 0.72 Crore, which has been considered towards reduction of the power purchase cost in FY 2022-23.
- 3.5.14 In this context, the KRC DISCOMs have filed a Petition in Case No. 162 of 2022, seeking recovery of the additional power purchase cost incurred by KRC DISCOMs on account of non-supply of power by Kreate Energy during this period. The Commission has held a hearing in this matter, and the matter is sub-judice at present.

Renewable Purchase Obligation

- 3.5.15 It is observed that KRC DISCOMs have a combined Peak Power purchase arrangement of 4 MW RE Power from 1 November 2022 to 28 February 2023, at a rate of Rs. 7.95/kWh. Additionally, KRCIPPL is meeting the RPO requirement through Green Power Market products, i.e., GDAM/GTAM.
- 3.5.16 Regarding efforts undertaken by KRCIPPL for entering into long term RE power procurement KRCIPPL submitted that MBPPL had floated a Tender on DEEP Portal of Ministry of Power on behalf of KRC DISCOMs for purchase of Solar Power up to 6 MW (Maharashtra State Periphery) for the period from 01.10.2021 to 30.09.2022. However, in response to the Tender, MBPPL had not received any bid from the market participants.
- 3.5.17 KRCIPPL has submitted that it will procure REC for meeting RPO targets specified by the Commission in line with provisions of the RPO-REC Regulations notified by the Commission.
- 3.5.18 In this Order the Commission has allowed projection of Solar and Non-Solar purchase to enable KRCIPPL to achieve RPO target. Further, as regards the Non-Solar RPO targets KRCIPPL has identified only one source in H2 i.e., NSL Sugars at Power Purchase cost of Rs. 7.95/kWh. It is further observed that while the PPA for NSL Sugars is for the period from 1st November 2022 to 28th February 2023, KRCIPPL has considered for procurement from NSL Sugars in October 2022 as well. Hence, considering the PPA, the Commission has not considered any procurement from NSL Sugars in the month of October 2022. The Commission has considered the actual purchase for the first six months against Non-Solar purchase and for the remaining six months the power purchase is considered from NSL Sugars during the period November 2022 to February 2023.
- 3.5.19 In view of the same, in this Order the Commission has allowed projection of Solar and Non-Solar purchase to achieve RPO target only. The same has been illustrated below:

Table 66: RPO Target Achievement Estimated for FY 2022-23 approved by the Commission

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	Units	FY 2022-23	
		MTR Petition	Approved
Solar Power			
Solar RPO target	%	8.00%	8.00%
Solar RPO target	MU	1.80	2.21
Non- Solar Power			
Non-Solar RPO target	%	11.50%	11.50%
Non-Solar RPO target	MU	3.51	3.17

DSM

3.5.20 The Commission approves KRCIPPL's approach of considering actual purchase from DSM in H1 of FY 2022-23 and not projecting the DSM purchase/sell for H2 of FY 2022-23

1.1.1 The Commission has also approved FBSM Charges and Power Exchange charges as projected by KRCIPPL for FY 2022-23.

3.5.21 Accordingly, based on the submission of KRCIPPL and prudence check carried out by the Commission, it provisionally approves the power purchase cost on provisional basis for FY 2022-23 as shown in the table below:

Table 67: Power Purchase cost for FY 2022-23 as approved by the Commission

Source of Power (Station wise)	MYT Order			Provisional Truing up as per MTR Petition			Approved in this Order		
	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)	Quantum (MU)	Cost (Rs. Crore)	Per unit cost (Rs./kWh)
Short-term Sources									
Base Load	40.70	15.94	3.92	-	-	-	-	-	-
GMR - Bilateral	-	-	-	8.35	5.27	6.31	8.82	5.55	6.29
GMR-STPP PPA	-	-	-	10.06	6.39	6.35	9.79	6.21	6.35
Purchase of additional power (Exchange)/New Source	-	-	-	3.66	2.44	6.68	3.66	2.44	6.68
DSM	-	-	-	(0.17)	(0.05)	2.73	(0.06)	-0.05	7.83
Solar Purchase	4.05	1.17	2.90	1.80	1.21	6.69	2.21	1.48	6.69
Non-Solar Purchase	5.81	1.67	2.87	1.01	0.71	7.03	1.01	0.71	7.03
Non-Solar Purchase – NSL Sugars	-	-	-	2.50	1.99	7.95	2.16	1.72	7.95
FBSM	-	-	0.00	0.00	-0.08	0.00	0.00	-0.08	0.00
Power Exchange Charges	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank Guarantee of KEIPL invoked	-	-	-	-	(0.72)	-	-	(0.72)	-
Total	50.56	18.78	3.71	27.20	17.16	6.31	27.58	17.27	6.26

3.5.22 Thus, as illustrated in the table above, the Commission approves power purchase cost of Rs 17.27 Crore in the Provisional Truing-Up of ARR for FY 2022-23. The variance between KRCIPPL’s submission and approved by the Commission is on account of restricting the RE power purchase to the RPO target level.

3.6 Transmission Charges and MSLDC Charges

KRCIPPL’s Submission

3.6.1 The Commission in the MYT Order approved the InSTS Charges and MSLDC Charges in accordance with the Commission’s Order dated 30 March, 2020 in Case No. 327 of 2019 determining the InSTS Tariff, and Order dated 30 March 2020 in Case No. 291 of 2019 determining MSLDC Charges.

3.6.2 The KRCIPPL has doubled the actual expenses under these heads in H1 of FY 2022-23, to estimate the annual expenses under these heads, as shown in the Table below:

Table 68: InSTS Charges and MSLDC Charges for FY 2022-23 as submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up in MTR Petition
Intra-State Transmission Charges	2.650	2.619
MSLDC Charges	0.013	0.013

Commission’s Analysis and Ruling

3.6.3 The Commission notes the submission of KRCIPPL and provisionally approves the InSTS Transmission Charges and MSLDC Charges for FY 2022-23 in accordance with various orders issued by the Commission from time to time. The InSTS Transmission Charges and MSLDC Charges are summarized in the table below. The small variation in the MYT Order approved charges and charges provisionally submitted by KRCIPPL is mainly on account of rounding off the figures:

Table 69: InSTS Charges and MSLDC Charges for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Intra-State Transmission Charges	2.650	2.619	2.619
MSLDC Charges	0.013	0.013	0.013

3.7 Operation and Maintenance Expenses

KRCIPPL’s Submission

3.7.1 KRCIPPL has worked out the normative O&M expenses for FY 2022-23 by considering the normative O&M expenses of FY 2019-20 and escalated the same with WPI and CPI indices of last 5 years in the ratio 70:30 in line with the applicable provisions of MYT Regulations, 2019.

3.7.2 The MYT Regulations, 2019 specify that the escalation factor must be reduced by an efficiency factor of 1%, unless there is an increase in the number of consumers including open Access Consumers connected to the Distribution Wires of at least 2% annually over

the last 3 years. KRCIPPL submitted that 2 out of the last 3 years have been adversely affected due to COVID-19 Pandemic, and to link the escalation rate to increase in the number of consumers during this period would not be appropriate.

- 3.7.3 KRCIPPL has requested the Commission to rely on its power to relax the provisions of its Regulations in view of the extraordinary circumstances prevailing, and not reduce the applicable escalation rate by the efficiency factor of 1% and to consider the escalation factor based on the composite WPI: CPI index
- 3.7.4 Accordingly, the O&M expenses in FY 2022-23 submitted by KRCIPPL for approval is as follows:

Table 70: Summary of Normative O&M expenses for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Particulars	MYT Order	MYT Petition
Distribution Wires Business		
Employee Expenses		
A&G Expenses	0.79	0.75
R&M Expenses		
Total O&M Expenses – Wires	0.79	0.75
Retail Supply Business		
Employee Expenses		
A&G Expenses	0.42	0.41
R&M Expenses		
Total O&M Expenses – Retail Supply	0.42	0.41

Commission’s Analysis and Ruling

- 3.7.5 The MYT Regulations, 2019 specify that the normative O&M charges for FY 2019-20 would be determined by escalating at the inflation factor of WPI:CPI reduced by an efficiency factor of 1%.
- 3.7.6 At present data regarding number of consumers is available till H1 of FY 2022-23 only. KRCIPPL has projected 89 number of consumers for the FY 2022-23 in their ARR model. Thus, considering the actual number of consumers for the year FY 2019-20 (45 no.s), FY 2020-21 (72 no.s), FY 2021-22 (79 no.s) and KRCIPPL’s projections for the FY 2022-23 (89 no.s), the 3-year CAGR works out to 26% which is higher than 2% annual growth (last 3 years) as mentioned in the MYT Regulation, 2019. Therefore, in accordance with MYT Regulations, 2019, the Commission has not reduced the escalation factor by an efficiency factor of 1%. Further, the O&M expenses for FY 2022-23 provisionally approved in this Order would be subject to consideration of actual number of consumers while final truing up for the said year.
- 3.7.7 Thus, the Commission has computed the normative O&M charges for FY 2022-23 by escalating the normative O&M expenses determined for FY 2021-22 at the inflation factor determined for FY 2021-22.
- 3.7.8 Accordingly, provisionally approved normative O&M expenses for FY 2022-23 are as follows:

Table 71: Normative O&M Expenditure for FY 2022-23 as approved by Commission (Rs Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
Employee Expenses			
A&G Expenses	0.79	0.75	0.55
R&M Expenses			
Total O&M Expenses – Wires	0.79	0.75	0.77
Retail Supply Business			
Employee Expenses			
A&G Expenses	0.42	0.41	0.30
R&M Expenses			
Total O&M Expenses – Retail Supply	0.42	0.41	0.84

3.8 Capital Expenditure and Capitalisation for FY 2022-23

KRCIPPL's Submission

- 3.8.1 The Commission, in the MYT Order, approved Capital Expenditure and Capitalisation of Rs. 6.30 Crore and Rs. 0.16 Crore for Wires Business and Retail Supply Business for FY 2022-23 respectively.
- 3.8.2 The assets capitalized in H1 of FY 2022-23 are related to Energy Management System, Consumer Portal and consumer Metering and allied accessories. The details for the Non-DPR schemes proposed in H2 of FY 2022-23 are as under:

Table 72: Details for the Non-DPR schemes proposed in H2 of FY 2022-23 submitted by KRCIPPL (Rs. Crores)

Non-DPR Scheme Name	Wire/Supply	Amount proposed (In Rs. Crore)	Remark
Energy Management System	Wire	0.24	New Scheme
Consumer Portal: For various online services	Supply	0.06	New Scheme
Meter & Metering Instruments	Supply	0.05	Schemes already approved in MYT

Table 73: Summary of Capital Expenditure for FY 2022-23 into Wires and Supply businesses submitted by KRCIPPL (Rs. Crores)

Particular	Capital Expenditure
H2 of FY 2022-23	
Distribution Wire Business	0.24
Retail Supply Business	0.11
SUB-TOTAL	0.34
H1 of FY 2022-23	
Distribution Wire Business	0.02
Retail Supply Business	0.23
SUB-TOTAL	0.26
FY 2022-23- Wire	0.26
FY 2022-23- Supply	0.34
TOTAL FY 2022-23	0.60

3.8.3 The Capital expenditure and capitalisation submitted for FY 2022-23 are shown in the following Table:

Table 74: Capital Expenditure & Capitalisation for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up in MTR Petition
Distribution Wires Business		
Capital Expenditure	6.30	0.26
Capitalisation	6.30	0.26
Retail Supply Business		
Capital Expenditure	0.16	0.34
Capitalisation	0.16	0.34

Commission’s Analysis and Ruling

3.8.4 KRCIPPL has proposed to undertake the capitalisation in FY 2022-23 towards Energy Management System & Consumer Metering whereby it has estimated Capital expenditure of Rs. 0.26 Crore for Wire Business and Rs 0.34 Crore for Supply Business for FY 2022-23.

3.8.5 The Commission has observed that KRCIPPL estimated capital expenditure against Non-DPR schemes only and no DPR scheme has been considered under the same.

3.8.6 In response, KRCIPPL submitted that it is a unique Distribution Licensee supplying to a very small area for IT & ITeS specific consumers. In case of KRCIPPL, the entire distribution network in its area of supply under DPR schemes has already been laid. Hence, in case of KRCIPPL, capital expenditure against DPR schemes will not be required every year. In nutshell, there may not be any major capex proposal of Deemed Distribution Licensees once operationalized, except capex on account of notification of additional SEZ area.

3.8.7 Further, KRCIPPL clarified that it has not yet submitted the roll out plan as envisaged in the Capex Approval Regulations, 2022 and the same will be submitted to the Commission at the earliest, before the specified date i.e. January, 2023, i.e., within 6 months of notification of the said Regulations.

3.8.8 The Commission provisionally approves the anticipated Capitalisation submitted by KRCIPPL for the FY 2022-23 subject to True-up:

Table 75: Capitalisation for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
Capitalisation – Wires	6.30	0.26	0.26
Retail Supply Busine			
Capitalisation – Retail Supply	0.16	0.34	0.34

3.9 Depreciation

KRCIPPL's Submission

- 3.9.1 KRCIPPL has computed the depreciation for FY 2022-23 in accordance with Regulation 28 of the MYT Regulations, 2019, by applying the asset class-wise depreciation rate specified in the MYT Regulations, 2019 on the average asset class-wise GFA during the year. The closing GFA for FY 2021-22 considered in the Truing-up of FY 2021-22 has been considered as the Opening GFA for FY 2022-23.
- 3.9.2 The asset-class wise depreciation has been submitted in Forms F5, F5.1 and F5.2 submitted along with this Petition. The depreciation claimed by KRCIPPL for FY 2022-23 is as shown in the following Table:

Table 76: Depreciation for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	Provisional Truing up
Distribution Wires Business		
Opening GFA	26.86	24.41
Additions during the Year	6.30	0.26
Retirement during the year	0.00	0.00
Closing GFA	33.16	24.67
Depreciation	1.58	1.30
Retail Supply Business		
Opening GFA	0.51	0.17
Additions during the Year	0.16	0.34
Closing GFA	0.66	0.51
Depreciation	0.10	0.05

Commission's Analysis and Ruling

- 3.9.3 The Commission has computed the depreciation for FY 2022-23 in accordance with Regulation 28 of MYT Regulations, 2019. It has considered the approved capitalisation for FY 2022-23 for addition of assets during the year. The Commission has calculated the depreciation by applying the asset class-wise depreciation rate as specified in the MYT Regulations, 2019 on the average asset class-wise GFA during the year, and no depreciation has been considered on the assets funded by consumer's contribution. In view of the above, the Commission has provisionally approved Depreciation for FY 2022-23 as shown in the table below.

Table 77: Depreciation approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
Opening GFA	26.86	24.41	24.41
Additions during the year	6.30	0.26	0.26
Closing GFA	33.16	24.67	24.67
Depreciation - Wires	1.58	1.30	1.30
Retail Supply Business			
Opening GFA	0.51	0.17	0.17
Additions during the year	0.16	0.34	0.34
Closing GFA	0.66	0.51	0.51
Depreciation – Retail Supply	0.10	0.05	0.05

3.10 Interest on loans

KRCIPPL’s Submission

3.10.1 KRCIPPL computed the Interest on Long-Term Loan Capital in accordance with Regulation 30 of the MYT Regulations, 2019. The Closing Balance of net normative loan considered in the Truing-up for FY 2021-22 has been considered as the Opening Balance of net normative loan for FY 2022-23. For arriving at the addition of debt component during the year, KRCIPPL has considered normative debt: equity ratio of 70:30 on the addition to GFA as discussed in the earlier section. The Depreciation has been considered as normative repayment of loan during the year. The Interest on Loan had been calculated on the average normative loan for the year by applying the rate of 7.00% applicable for FY 2021-22. At the time of true-up for FY 2022-23, the weighted average rate of interest during the year shall be considered, in accordance with the MYT Regulations, 2019.

3.10.2 The Interest on Long Term Loan capital claimed by KRCIPPL for FY 2022-23 is shown in the following Tables:

Table 78: Interest on Loan Capital for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Distribution Wires Business		
Opening Normative Loan	16.25	14.34
Addition of Normative Loan during the year	4.41	0.18
Repayment of Normative Loan during the year	1.58	1.30
Closing Normative Loan	19.07	13.23
Average Normative Loan	17.66	13.79
Weighted average Rate of Interest on actual Loans	9.25%	7.15%
Interest Expenses	1.63	0.99
Retail Supply Business		
Opening Normative Loan	0.20	0.05
Addition of Normative Loan during the year	0.11	0.24
Repayment of Normative Loan during the year	0.10	0.05
Closing Normative Loan	0.20	0.24
Average Normative Loan	0.20	0.15
Weighted average Rate of Interest on actual Loans	9.25%	7.15%
Interest Expenses	0.02	0.01

Commission’s Analysis and Ruling

3.10.3 For arriving at the debt component, the debt: equity ratio of 70:30, as submitted by KRCIPPL, is applied to the Capitalisation approved for FY 2022-23 and the opening balance of GFA is considered same as the closing balance approved for FY 2021-22.

3.10.4 The repayment of loan is considered equal to the depreciation allowed during the year in accordance with MYT Regulation, 2019.

3.10.5 In continuation of the approach adopted by the Commission in the previous chapter in the true-up years, one year SBI MCLR Base Rate at beginning of the year is considered as the rate of interest on long term loan for provisional true-up of FY 2022-23.

3.10.6 The one-year SBI MCLR base rate as prevailed at the beginning of FY 2022-23 is 7.00%, as available on the SBI official website, and the same has been considered by the Commission.

3.10.7 Accordingly, the interest on long-term loan provisionally approved by the Commission for FY 2022-23 is summarised in the table below:

Table 79: Interest on Loan Capital approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
Opening Normative Loan	16.25	14.34	14.34
Addition of Normative Loan during the year	4.41	0.18	0.18
Repayment of Normative Loan during the year	1.58	1.30	1.30
Closing Normative Loan	19.07	13.23	13.23
Average Normative Loan	17.66	13.79	13.79
Rate of Interest	9.25%	7.15%	7.00%
Interest Expenses	1.63	0.99	0.96
Retail Supply Business			
Opening Normative Loan	0.20	0.05	0.05
Addition of Normative Loan during the year	0.11	0.24	0.24
Repayment of Normative Loan during the year	0.10	0.05	0.05
Closing Normative Loan	0.20	0.24	0.24
Average Normative Loan	0.20	0.15	0.15
Rate of Interest	9.25%	7.15%	7.00%
Interest Expenses	0.02	0.01	0.01

3.11 Interest on Working Capital (IoWC) and Consumer's Security Deposit(CSD)

KRCIPPL's Submission

3.11.1 KRCIPPL has computed the normative working capital requirement in accordance with the MYT Regulations, 2019. The one-year SBI MCLR on 30 November 2022 was 8.05%. Accordingly, for computation of IoWC, KRCIPPL has considered the rate of interest of 9.55% for FY 2022-23, in accordance with the MYT Regulations, 2019. The CSD in FY 2022-23 has been considered at the same levels as actuals of FY 2021-22. The rate of interest on CSD has been considered equal to the RBI Bank Rate as on 1st April 2022, i.e., 4.25%

3.11.2 The computation of IoWC and interest on CSD for FY 2022-23 is shown in the following Table:

Table 80: IoWC and Interest on CSD for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2022-23	
	MYT Order	Claimed in this Petition
O&M expenses for one month	0.066	0.06
Maintenance Spares at 1% of Opening GFA	0.269	0.24
One and half months' equivalent of the expected revenue from charges for use of Distribution Wires	0.686	0.54
Less: Amount held as Security Deposit from Distribution System Users	0.227	0.01
Total Working Capital Requirement	0.793	0.83
Computation of Working Capital Interest		
Interest Rate (%) – SBI MCLR +150 basis points	9.50%	9.55%
Interest on Working Capital	0.075	0.08

Particulars	FY 2022-23	
	MYT Order	Claimed in this Petition
Interest on Consumers' Security Deposit		
Interest Rate (%) – RBI Bank Rate	5.40%	4.25%
Interest on CSD	0.012	0.01

Table 81: IOWC and CSD for Retail Supply Business for FY 2022-23 (Rs Crore)

Particulars	FY 2022-23	
	MYT Order	Claimed in this Petition
O&M expenses for one month	0.035	0.03
Maintenance Spares at 1% of Opening GFA	0.005	0.00
One and half months equivalent of the expected revenue from sale of electricity including revenue from CSS and Additional Surcharge	2.719	2.55
Less: Amount held as Security Deposit from consumers	2.043	0.12
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.787	1.65
Total Working Capital Requirement	(1.071)	0.82
Computation of Working Capital Interest		
Interest Rate (%) – SBI MCLR +150 basis points	9.50%	9.55%
Interest on Working Capital	0.00	0.08
Interest on Consumers' Security Deposit		
Interest Rate (%) – RBI Bank Rate	5.40%	4.25%
Interest on CSD	0.11	0.01

Commission's Analysis and Ruling

3.11.3 The Commission has worked out the working capital requirement on a normative basis, which is based on the approved parameters as per this Order. Considering the amount security deposit which is to be deducted, the normative working capital requirement works out to be negative and considered as nil for Retail Supply business.

3.11.4 As regards CSD, the Commission has considered RBI Bank rate as on 1 April 2020 i.e., 4.25% in accordance the Supply Code Regulations, 2021. Further, the Commission has provisionally considered the actual CSD for FY 2021-22 as CSD for FY 2022-23, in line with the approach adopted in Truing up section, subject to final true-up.

3.11.5 The Commission has computed the total working capital requirement and IoWC in accordance with the MYT Regulations, 2019, which links the interest rate to one-year MCLR of SBI as on the day of filing of MTR Petition. Any variation in actual interest on CSD will be adjusted at the time of final Truing up of FY 2022-23.

3.11.6 The IoWC and CSD provisionally approved by the Commission are shown in the Table below:

Table 82: IoWC and Interest on CSD for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
O&M expenses for a month	0.066	0.063	0.05
Maintenance Spares at 1% of Opening GFA	0.269	0.244	0.24

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	MYT Order	MTR Petition	Approved in this Order
One and half months equivalent of the expected revenue from charges for use of Distribution Wires	0.686	0.537	0.36
Less: Amount held as Security Deposit from Distribution System Users	0.227	0.013	0.33
Total Working Capital Requirement	0.793	0.830	0.32
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%	9.55%
Interest on Working Capital	0.075	0.079	0.03
Interest on Security Deposit			
Interest Rate (%) - RBI Base Rate	5.40%	4.25%	4.25%
Interest on Security Deposit	0.012	0.012	0.01
Retail Supply Business			
O&M expenses for a month	0.035	0.034	0.02
Maintenance Spares at 1% of Opening GFA	0.005	0.002	0.00
One and half months equivalent of the expected revenue from sale of electricity	2.719	2.565	2.13
Less: Amount held as security deposit	2.043	0.118	2.96
Less: One month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.787	1.661	1.66
Total Working Capital Requirement	(1.07)	0.82	(2.45)
Interest Rate (%) - SBI Base Rate +150 basis points	9.50%	9.55%	9.55%
Interest on Working Capital	0.11	0.08	0.00
Interest on Security Deposit			
Interest Rate (%) - RBI Base Rate	5.40%	4.25%	4.25%
Interest on Security Deposit	0.11	0.01	0.13

3.12 Return on Equity

KRCIPPL's Submission

- 3.12.1 KRCIPPL computed the RoE for FY 2022-23 in accordance with Regulation 29 of the MYT Regulations, 2019. KRCIPPL considered the Closing Equity as considered in the Truing-up of FY 2021-22, as the Opening Equity for FY 2022-23. RoE has been computed on the Opening Equity for FY 2022-23 and 50% of the equity component of asset addition during the year.
- 3.12.2 As per Regulation 29 of the MYT Regulations, 2019, RoE is computed in two components, first as per base return and second as additional return on equity linked to actual performance. The additional Return on Equity shall be allowed at the time of truing up for respective year based on actual performance, after prudence check of the Commission. Hence, as FY 2022-23 is not fully completed, hence, KRCIPPL has computed RoE based on only for the base return part and the additional return part will be calculated and claimed at the time of True-up.
- 3.12.3 For FY 2022-23, KRCIPPL computed the Base RoE for the Wires Business at 14%. Also,

Pre-tax rate of Return on Equity after considering effective Tax rate is considered as 14.26% as considered for FY 2021-22. Similarly for Retail supply Business, KRCIPPL has computed the Base RoE at 15.5% and Pretax Return on Equity after considering effective Tax rate is considered as 15.79% as computed for FY 2021-22.

3.12.4 The RoE claimed by KRCIPPL for FY 2022-23 for the Wires Business and Retail Supply Business is shown in the following Tables:

Table 83: Return on Equity for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Distribution Wires Business		
Regulatory Equity at the beginning of the year	8.06	7.32
Equity portion of capitalisation during the year	1.89	0.08
Regulatory Equity at the end of the year	9.95	7.40
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year		1.04
Return on Regulatory Equity addition during the year		0.01
Total Return on Equity	1.26	1.05
Retail Supply Business		
Regulatory Equity at the beginning of the year	0.16	0.05
Equity portion of capitalisation during the year	0.05	0.10
Regulatory Equity at the end of the year	0.21	0.15
Return on Equity Computation		
Return on Regulatory Equity at the beginning of the year		0.01
Return on Regulatory Equity addition during the year		0.01
Total Return on Equity	0.03	0.02

Commission’s Analysis and Ruling

3.12.5 The Commission has computed RoE at 14% and 15.5% for the Wires Business and Supply Business, respectively, in accordance with the MYT Regulations, 2019 on the opening equity FY 2022-23 which has been considered same as the closing equity for FY 2021-22 approved in the MYT Order. The addition to the equity during the year has been computed considering a debt: equity ratio of 70:30.

3.12.6 Regulation 34.2 of the MYT Regulations mentions that the rate of RoE including the Additional RoE as allowed by the Commission under Regulation 29 of MYT Regulations 2019 shall be grossed up with the effective tax rate for the respective financial year. However, as ruled in the truing up section of this Order the Commission has not considered grossing up of ROE with the effective tax rate as no documentation were submitted by KRCIPPL in support of the actual tax paid for the years under consideration. Accordingly, for FY 2022-23, the Commission approves Nil Income Tax and hence grossing up of RoE with the tax rate would be of no effect in such scenario.

3.12.7 The RoE provisionally approved for FY 2022-23 is summarised in the following table:

Table 84: Return on Equity for FY 2022-23 approved by Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Distribution Wires Business			
Regulatory Equity at the beginning of the year	8.06	7.32	7.32
Equity portion of capitalisation during the year	1.89	0.08	0.08

Particulars	MYT Order	MTR Petition	Approved in this Order
Regulatory Equity at the end of the year	9.95	7.40	7.40
Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year		1.04	1.03
Return on Regulatory Equity addition during the year		0.01	0.01
Total Return on Equity	1.26	1.05	1.03
Retail Supply Business			
Regulatory Equity at the beginning of the year	0.16	0.05	0.05
Equity portion of capitalisation during the year	0.05	0.10	0.10
Regulatory Equity at the end of the year	0.21	0.15	0.15
Return on Equity Computation			
Return on Regulatory Equity at the beginning of the year		0.01	0.01
Return on Regulatory Equity addition during the year		0.01	0.01
Total Return on Equity	0.03	0.02	0.02

3.13 Provisioning for Bad Debts

KRCIPPL’s Submission

3.13.1 KRCIPPL submitted that the approved amount for bad debts is Nil for the FY 2022-23 in MYT Order. KRCIPPL has not claimed any provision for Bad debts during FY 2022-23.

3.13.2 KRCIPPL has requested the Commission to approve the NIL amount of Bad Debts in the provisional truing up for FY 2022-23

Commission’s Analysis and Ruling

3.13.3 As KRCIPPL has not envisaged any provisioning for bad debts, the Commission has not considered any amount for FY 2022-23.

3.14 Contribution to Contingency Reserves

KRCIPPL’s Submission

3.14.1 In accordance with the MYT Regulations, 2019 and the approach adopted by the Commission in the MYT Order, KRCIPPL has considered the Contribution to Contingency Reserve at 0.5% of Opening GFA for FY 2022-23, as shown in the following Table.

3.14.2 The Contribution to Contingency Reserve projected for FY 2022-23 is shown in the following table:

Table 85: Contribution to Contingency Reserves for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	
		MYT Order	MTR Petition
A	Wires Business		
1	Opening GFA of Wire Business	26.86	24.41
2	Contribution to Contingency Reserves	0.134	0.12
B	Retail Supply Business		
3	Opening GFA of Retail Supply Business	0.52	0.17
4	Contribution to Contingency Reserves	0.003	0.001

Commission’s Analysis and Ruling

3.14.3 The Regulations 35 of the MYT Regulations 2019 provide for Contribution to Contingency Reserves from 0.25% to 0.5% of the opening GFA. The Commission approves the Contribution to Contingency Reserves as 0.5% of the opening GFA, as sought by KRCIPPL. The Commission has also verified that the cumulative amount of contingency reserve has not exceeded the limit of 5% of the GFA as prescribed in the MYT Regulations, 2019.

3.14.4 KRCIPPL should invest contribution to contingency reserves approved by the Commission in authorized securities as per Regulation 35.1 of the MYT Regulations, 2019. Accordingly, the Contribution to Contingency Reserves is provisionally approved for FY 2022-23 as summarised in table below:

Table 86: Contribution to Contingency Reserves approved by Commission for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Contribution to Contingency Reserves for Wires Business	0.134	0.122	0.122
Contribution to Contingency Reserves for Retail Supply Business	0.003	0.001	0.001

3.15 Non- Tariff Income

KRCIPPL’s Submission

3.15.1 KRCIPPL has considered Non-Tariff income of Rs. 0.002 Crore for the Wires Business and Rs. 0.01 Crore for the Retail Supply Business for FY 2022-23, at the same level as the actuals of FY 2021-22.

3.15.2 The Non-Tariff Income claimed by KRCIPPL for FY 2022-23 is shown in the following Table:

Table 87: Non-Tariff Income for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Sr. No.	Non-Tariff Income	FY 2022-23	
		MYT Order	MTR Petition
1	Wires Business	0.008	0.002
2	Retail Supply Business	0.39	0.01
	Total Non-Tariff Income	0.40	0.02

Commission’s Analysis and Ruling

3.15.3 The Commission notes that KRCIPPL has appropriately considered the consumer charges levied in accordance with Schedule of Charges as part of the Non-Tariff Income.

3.15.4 Accordingly, the Commission provisionally approves the following amount as Non-Tariff Income for FY 2022-23 as given in the Table below.

Table 88: Non-Tariff Income for FY 2022-23 approved by the Commission (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Non-Tariff Income for Wires Business	0.008	0.002	0.002
Non-Tariff Income for Retail Supply Business	0.39	0.01	0.01

3.16 Revenue from Sale of Electricity

KRCIPPL's Submission

3.16.1 For the purpose of calculation of revenue, KRCIPPL has considered actual tariff approved by the Commission for FY 2022-23 in the MYT Order, and the actual category-wise FAC applicable in October 2022, on the estimated sales for FY 2022-23.

3.16.2 The revenue from electricity for FY 2022-23 submitted by KRCIPPL in the present Petition is shown in the following table:

Table 89: Revenue from Sale of electricity for FY 2022-23 by KRCIPPL (Rs. Crore)

Particulars	MYT Order	MTR Petition
Revenue from Sale of Power	27.22	19.97

Commission's Analysis and Ruling

3.16.3 The Commission has examined the computation of the estimated revenue for FY 2022-23 as submitted by KRCIPPL and the same is allowed on provisional basis, subject to truing up in the future.

Table 90: Approved Revenue from Sale of electricity for FY 2022-23 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved Total Revenue
Revenue from Sale of Power	27.221	19.97	19.97

3.17 Aggregate Revenue Requirement for FY 2022-23

KRCIPPL's Submission

3.17.1 The Summary of ARR for FY 2022-23 claimed by KRCIPPL on provisional truing up for Distribution Wires Business is shown in the Table below:

Table 91: ARR Summary for Distribution Wires Business for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	
		MYT Order	MTR Petition
1	Operation & Maintenance Expenses	0.788	0.75
2	Depreciation	1.585	1.30
3	Interest on Loan Capital	1.633	0.99
4	Interest on Working Capital	0.075	0.08
5	Interest on deposit from Distribution System Users	0.012	0.01
6	Provision for bad and doubtful debts	0.000	0
7	Contribution to Contingency Reserves	0.134	0.12
8	Income Tax	-	-
9	Total Revenue Expenditure	4.228	3.25
10	Add: Return on Equity Capital	1.260	1.05
11	Aggregate Revenue Requirement	5.489	4.30
12	Less: Non-Tariff Income	0.008	0.00
13	Total Aggregate Revenue Requirement	5.480	4.29

3.17.2 The Summary of ARR for FY 2022-23 claimed by KRCIPPL on provisional truing up for the Retail Supply Business is shown in the Table below:

Table 92: ARR Summary for Retail Supply Business for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	
		MYT Order	MTR Petition
1	Power Purchase Expenses (including Inter-State Transmission Charges)	18.780	17.16
2	Operation & Maintenance Expenses	0.424	0.41
3	Depreciation	0.101	0.05
4	Interest on Loan Capital	0.018	0.01
5	Interest on Working Capital	0.000	0.08
6	Interest on Consumer Security Deposit	0.110	0.01
7	Provision for bad and doubtful debts	0.000	0.03
8	Contribution to Contingency Reserves	0.003	0.00
9	Intra-State Transmission Charges	2.653	2.62
10	MSLDC Fees & Charges	0.013	0.01
11	Income Tax	-	-
12	Total Revenue Expenditure	22.103	20.38
13	Add: Return on Equity Capital	0.027	0.02
14	Aggregate Revenue Requirement	22.130	20.39
15	Less: Non-Tariff Income	0.390	0.01
16	Aggregate Revenue Requirement from Retail Supply	21.741	20.38

Commission's Analysis and Ruling

3.17.3 Based on the analysis in the previous paragraphs, the Commission has provisionally approved the ARR for FY 2022-23, as summarised in the Table below:

Table 93: ARR approved for Distribution Wires Business by Commission for FY 2022-23 (Rs. Crore)

Sr. No.	Particulars	FY 2022-23		
		MYT Order	Provisional Truing up	Approved in this order
1	Operation & Maintenance Expenses	0.788	0.75	0.55
2	Depreciation	1.585	1.30	1.30
3	Interest on Loan Capital	1.633	0.99	0.96
4	Interest on Working Capital	0.075	0.08	0.03
5	Interest on deposit from Distribution System Users	0.012	0.01	0.01
6	Provision for bad and doubtful debts	0.000	-	-
7	Contribution to Contingency Reserves	0.134	0.12	0.12
8	Income Tax	-	-	-
9	Total Revenue Expenditure	4.228	3.25	2.98
10	Add: Return on Equity Capital	1.260	1.05	1.03
11	Aggregate Revenue Requirement	5.489	4.30	4.01
12	Less: Non-Tariff Income	0.008	0.00	0.00
13	Total Aggregate Revenue Requirement	5.480	4.29	4.00

Table 94: ARR approved for Retail Supply Business by Commission for FY 2019-20 (Rs. Crore)

Particulars	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	18.780	17.16	17.27
Operation & Maintenance Expenses	0.424	0.41	0.30

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Particulars	MYT Order	MTR Petition	Approved in this Order
Depreciation	0.101	0.05	0.05
Interest on Loan Capital	0.018	0.01	0.01
Interest on Working Capital	0.000	0.08	-
Interest on Consumer Security Deposit	0.110	0.01	0.13
Provision for bad and doubtful debts	0.000	0.03	0.03
Contribution to Contingency Reserves	0.003	0.00	0.00
Intra-State Transmission Charges	2.653	2.62	2.62
MSLDC Fees & Charges	0.013	0.01	0.01
Income Tax	-	-	-
Total Revenue Expenditure	22.103	20.38	20.41
Add: Return on Equity Capital	0.027	0.02	0.02
Aggregate Revenue Requirement	22.130	20.39	20.43
Less: Non-Tariff Income	0.390	0.01	0.01
Aggregate Revenue Requirement from Retail Supply	21.741	20.38	20.41

Table 95: Combined ARR approved for Distribution Wires and Retail Supply Business approved by Commission for FY 2022-23 (Rs. Crore)

Particulars (Combined business)	MYT Order	MTR Petition	Approved in this Order
Power Purchase Expenses (including Inter-State Transmission Charges)	18.780	17.16	17.27
Operation & Maintenance Expenses	1.213	1.160	0.84
Depreciation	1.686	1.345	1.34
Interest on Loan Capital	1.652	1.00	0.98
Interest on Working Capital	0.075	0.158	0.03
Interest on Consumer Security Deposit	0.123	0.017	0.14
Write-off of Provision for bad and doubtful debts	-	0.031	0.03
Contribution to contingency reserves	0.137	0.123	0.12
Intra-State Transmission Charges	2.653	2.62	2.62
MSLDC Fees & Charges	0.013	0.013	0.01
Income Tax	-	-	-
Total Revenue Expenditure	26.331	23.62	23.39
Add: Return on Equity Capital	1.288	1.066	1.05
Aggregate Revenue Requirement	27.619	24.69	24.44
Less: Non-Tariff Income	0.398	0.016	0.02
Aggregate Revenue Requirement from wires and Retail Supply	27.221	24.67	24.42

3.18 Revenue Gap/ (Surplus) for FY 2022-23

KRCIPPL's Submission:

3.18.1 KRCIPPL has computed the combined Revenue Gap/(Surplus) for the Wires Business and Retail Supply Business for FY 2022-23, as shown in the following Table:

Table 96: Revenue Gap/ (Surplus) for FY 2022-23 submitted by KRCIPPL (Rs. Crore)

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Sr. No.	Particulars	FY 2022-23	
		MYT Order	MTR Petition
1	ARR for Distribution Wires Business	5.480	4.29
2	ARR for Retail Supply Business	21.741	20.38
3	Combined ARR for Wires and Retail Supply Business	27.221	24.67
4	Revenue from sale of electricity		19.97
5	Revenue Gap/(Surplus)		4.71

Commission's Analysis and Ruling:

3.18.2 The Commission carried out computation of the provisional Revenue Gap/ (Surplus) of Distribution Wires and Retail Supply business separately for FY 2022-23 which is as shown in the Table below:

Table 97: Revenue Gap/ (Surplus) of Distribution Wires and Retail Supply Business for FY 2022-23 approved by Commission (Rs. Crore)

Sr. No.	Particulars	FY 2022-23		
		MYT Order	MTR Petition	Approved in this Order
1	ARR for Distribution Wires Business	5.480	4.29	4.00
2	ARR for Retail Supply Business	21.741	20.38	20.41
3	Combined ARR for Wires and Retail Supply Business	27.221	24.67	24.42
4	Revenue from sale of electricity		19.97	19.97
5	Revenue gap/(Surplus) of Licensed Business (Wire Business)		1.41	1.12
6	Revenue gap/(Surplus) of Licensed Business (Supply Business)		3.30	3.34
7	Revenue Gap/(Surplus)		4.71	4.45

3.18.3 Accordingly, the Commission provisionally approves the Revenue Gap of Rs. 1.12 Crore for Distribution Wires Business and Revenue Surplus of Rs. 3.34 Crore for Retail Supply Business for FY 2022-23.

3.18.4 The variation in the Revenue Gap / (Surplus) submitted by KRCIPPL and that approved by the Commission in this Order is mainly on account of difference in approach adopted for meeting the RPO target, Approach in calculation of Normative O&M Expenses, difference in Interest rate for computation of Interest on Long term loan for reasons discussed in the earlier Section.

4 DETERMINATION OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24 TO FY 2024-25

4.1 ARR for the FY 2023-24 to FY 2024-25

4.1.1 The MYT Regulations, 2019 specify that at the time of filing for Mid-term Review, the Licensees shall submit the revised projections of ARR for the remaining years of the Control Period, i.e., FY 2023-24 and FY 2024-25. Accordingly, in this Chapter, KRCIPPL has projected the revised ARR for FY 2023-24 and FY 2024-25, after considering the impact of truing up for FY 2019-20, FY 2020-21, and FY 2021-22, and the provisional truing up for FY 2022-23, which has resulted in change in base values for FY 2023-24 and FY 2024-25.

4.2 Energy Sales

KRCIPPL’s Submission

4.2.1 For realistic projections of sales, KRCIPPL has undertaken discussion with their consumers. KRCIPPL has projected that there would be an annual overall increase of 5% in sales in FY 2023-24 and FY 2024-25.

4.2.2 Therefore, taking into account the present situation and expected future predictions, KRCIPPL has requested the Commission not to link the building occupancy with the sales projections, as mere occupancy in terms of continuation of lease agreements does not translate to sales, unless the employees actually work from the offices.

4.2.3 The month-wise sales have been projected based on the contribution of each category in the overall sales and the sales pattern in each month of the year. Based on the above approach, the month-wise and category-wise sales have been projected for FY 2023-24 and FY 2024-25.

4.2.4 Based on the above assumptions, the category-wise sales projections for the FY 2023-24 and FY 2024-25 are shown in the following table:

Table 98: Energy Sales Projected by KRCIPPL for FY 2023-24 and FY 2024-24(MU)

Consumer Category	FY 2023-24		FY 2024-25	
	MYT Order	Revised Projected	MYT Order	Revised Projected
HT Category				
HT I	45.32	21.51	47.49	22.59
Sub-total HT	45.32	21.51	47.49	22.59
LT Category				
LT II (A)	-	0.02	-	0.02
LT II (B)	4.81	0.78	5.04	0.81
LT III (A)	-	0.00	-	0.00
LT III (B)	-	5.03	-	5.28
Sub-total LT	4.81	5.83	5.04	6.12
Total	50.13	27.34	52.53	28.71

4.2.5 KRCIPPL has requested the Commission to approve the projected category-wise sales for FY 2023-24 and FY 2024-25, as shown in the Table above.

4.2.6 Further, as stated subsequently, KRCIPPL has proposed kVAh tariff for all categories in

accordance with the Commission’s directions in this regard. Hence, the projected category-wise sales in Million kVAh (Mn. kVAh) for FY 2023-24 and FY 2024-25 is also presented in the Table below

Table 99: Sales in MKVAh projected by KRCIPPL

Consumer Category	FY 2023-24		FY 2024-25	
	MYT Order	Revised Projected	MYT Order	Revised Projected
HT Category				
HT I	48.44	22.44	50.76	23.56
Sub-total HT	48.44	22.44	50.76	23.56
LT Category				
LT II (A)		0.02		0.02
LT II (B)	5.31	0.66	5.56	0.69
LT III (A)		0.00		0.00
LT III (B)		5.40		5.67
Sub-total LT	5.31	6.08	5.56	6.38
Total	53.75	28.51	56.32	29.94

Commission’s Analysis and Ruling

- 4.2.7 The Commission notes that in past for the period FY 2019-20 to FY 2021-22, there had been substantial variation in actual and approved sales for the respective period due to lower occupancy of buildings.
- 4.2.8 KRCIPPL submitted that the overall increase in projected sales of 5% in FY 2023-24 and FY 2024-25 has been considered based on the current demand pattern and based on the feedback received from its major consumers regarding their present physical occupancy status, projected physical occupancy and their work strategy, post COVID-19 scenario (e.g. 100% work from home, Hybrid, actual resumption of work etc.).
- 4.2.9 The Commission notes that being a deemed distribution licensee with limited area of supply, KRCIPPL can estimate its demand for the future years more accurately vis-à-vis other distribution licensees with comparatively larger license area.
- 4.2.10 Accordingly, the Commission accepts the methodology followed by KRCIPPL for projecting the energy sales for the FY 2023-24 and FY 2024-25, and accordingly approves the sales as submitted by KRCIPPL.

Table 100: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by Commission (MU)

Consumer Category & Consumption Slab	FY 2023-24			FY 2024-25		
	MYT Order	Revised Projections	Approved in this order	MYT Order	Revised Projections	Approved in this order
HT Category						
HT I	45.32	21.51	21.51	47.49	22.59	22.59
Sub-total	45.32	21.51	21.51	47.49	22.59	22.59
LT Category						
LT II (A)	-	0.02	0.02	-	0.02	0.41

Consumer Category & Consumption Slab	FY 2023-24			FY 2024-25		
	MYT Order	Revised Projections	Approved in this order	MYT Order	Revised Projections	Approved in this order
LT II (B)	4.81	0.78	0.78	5.04	0.81	0.81
LT III (A)	-	0.00	0.00	-	0.00	0.00
LT III (B)	-	5.03	5.03	-	5.28	5.28
Sub-total	4.81	5.83	5.83	5.04	6.12	6.12
Total	50.13	27.34	27.34	52.53	28.71	28.71

Table 101: Category-wise Energy Sales for FY 2023-24 and FY 2024-25 approved by Commission (MkVAh)

Consumer Category & Consumption Slab	FY 2023-24			FY 2024-25		
	MYT Order	Revised Projections	Approved in this order	MYT Order	Revised Projections	Approved in this order
HT Category						
HT I	48.44	22.44	22.44	50.76	23.56	23.56
Sub-total	48.44	22.44	22.44	50.76	23.56	23.56
LT Category						
LT II (A)		0.02	0.02		0.02	0.02
LT II (B)	5.31	0.66	0.66	5.56	0.69	0.69
LT III (A)		0.00	0.00		0.00	0.00
LT III (B)		5.40	5.40		5.67	5.67
Sub-total	5.31	6.08	6.08	5.56	6.38	6.38
Total	53.75	28.51	28.51	56.32	29.94	29.94

4.3 Distribution Loss

KRCIPPL's Submission

4.3.1 KRCIPPL has projected Distribution Loss for the Control Period from FY 2023-24 and FY 2024-25 in line with the actual loss for FY 2021-22.

4.3.2 KRCIPPL has established the distribution network primarily on higher voltage level of 22 kV and as a result, distribution losses are only on account of technical loss in the system. Distribution Losses in the area of supply is very low and there is no scope for reducing it further, considering the suppressed level of sales due to WFH/hybrid practice adopted by the IT & ITes consumers. In case the sales levels increase, and the loading levels reach optimum levels, then loss levels may reduce further.

4.3.3 The projected Distribution Losses for FY 2023-24 and FY 2024-25 are as under:

Table 102: Projection of Distribution Loss by KRCIPPL for FY 2023-24 & 2024-25

Particulars	FY 2023-24		FY 2024-25	
	MYT order	Projected	MYT order	Projected
Distribution Loss (%)	2.25%	1.86%	2.00%	1.86%

Commission's Analysis and Ruling

4.3.4 The Commission notes that main reason for the losses is sub-optimal loading of transformers due to lower sales. Further, as submitted by KRCIPPL, there are no commercial losses and entire loss is technical in nature.

4.3.5 In the absence of any longer-term trends, the Commission has considered 2.25% and 2.00% as Distribution Loss for FY 2023-24 to FY 2024-25. The actual Distribution loss for each year shall be considered at the time of Truing-up subject to necessary prudence check. Therefore, the Commission is not inclined to change Distribution Loss trajectory approved in MYT Order. Accordingly, the distribution loss approved by the Commission for the FY 2023-24 and FY 2024-25 is as given below:

Table 103: Distribution Loss as approved by Commission for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24			FY 2024-25		
	MYT order	Projected	Approved in this Order	MYT order	Projected	Approved in this Order
Distribution Loss	2.25%	1.86%	2.25%	2.00%	1.86%	2.00%

4.3.6 Although, distribution loss trajectory has been approved for the FY 2023-24 and FY 2024-25 as above, considering low level of Distribution Loss, the Commission will decide on the sharing of the efficiency gains/losses on this account at the time of truing up of the relevant years based on the justifications provided by KRCIPPL and subject to necessary prudence check.

4.4 Energy Balance

KRCIPPL Submission

4.4.1 KRCIPPL has projected the Energy Balance for FY 2023-24 and FY 2024-25 based on the projected sales, Distribution Losses, and intra-State Transmission Loss approved by the Commission in the MYT Order.

4.4.2 Accordingly, KRCIPPL has projected the energy requirement for FY 2023-24 and FY 2024-25, as under:

Table 104: Energy Balance submitted by KRCIPPL for FY 2023-24 and FY 2024-25

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Energy Sales	50.13	27.34	52.54	28.71
Distribution Loss (%)	2.25%	1.86%	2.00%	1.86%
Energy Requirement at T<>D	51.29	27.86	53.61	29.25
Intra-State Transmission Loss (%)	3.18%	3.18%	3.18%	3.18%
Energy Requirement at G<>T (MU)	52.97	28.77	55.37	30.21
Total Energy Required	52.97	28.77	55.37	30.21

Commission’s Analysis and Ruling

4.4.3 For projecting the energy requirement, the Commission has considered the approved energy sales and Distribution Loss for each year of the Control Period. It has considered InSTS Loss of 3.18% for each year as approved in its InSTS Tariff Order dated 31 March, 2023 in Case No. 239 of 2022.

4.4.4 Accordingly, the total energy requirement approved by the Commission for each year of the FY 2023-24 and FY 2024-25 is as shown in the table below:

Table 105: Energy Balance for FY 2023-24 and FY 2024-25 approved by Commission

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Energy Sales	51.29	27.34	27.34	53.61	28.71	28.71
Distribution Loss (%)	2.25%	1.86%	2.25%	2.00%	1.86%	2.00%
Energy Requirement at T<D	51.29	27.86	27.97	53.61	29.25	29.29
Intra-State Transmission Loss (%)	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%
Energy Requirement at G<T (MU)	52.97	28.77	28.89	55.37	30.21	30.25

4.5 Power Procurement

KRCIPPL’s Submission

4.5.1 KRCIPPL has entered Short-term PPA with M/s. GMR Energy Trading Limited (GMRETL) till 31 October 2023. The power purchase rate discovered through competitive bidding and adopted by the Commission for this Base Load power purchase is Rs. 6.35/kWh. However, this rate is on the higher side and reflects the higher market rates for power prevalent on account of certain circumstances.

4.5.2 KRCIPPL hopes to procure short-term power for the remaining period of FY 2023-24 and entire FY 2024-25 through new short-term sources at a lower rate of Rs. 5 per kWh.

Renewable Purchase Obligation (RPO)

4.5.3 For FY 2023-24 and FY 2024-25, KRCIPPL considered the RPO targets specified in the MERC RPO REC Regulations, 2019, as shown in the Table below:

Table 106: RPO Target for the Control Period

Year	Solar	Non-Solar	Total
2023-24	10.50%	11.50%	22.00%
2024-25	13.50%	11.50%	25.00%

4.5.4 The tied-up capacity for Base Load @Rs. 6.35/kWh is approximately 65% of the total load of KRCIPPL. KRCIPPL shall procure the remaining power requirement through the market under GDAM and GTAM to fulfil the green energy requirement of its customers.

4.5.5 KRCIPPL has proposed to procure RE power to the extent of 65% and 75% of its total power requirement in FY 2023-24 and FY 2024-25, respectively, at the rate of Rs. 5.50/kWh.

4.5.6 KRCIPPL proposes to purchase such RE power from green power market products in the

Power Exchange, i.e., GDAM and GTAM.

4.5.7 KRCIPPL has projected the source-wise power purchase quantum and cost from FY 2023-24 to FY 2024-25 as under.

Table 107: Power Purchase Costs submitted by KRCIPPL for FY 2023-24 and FY 2024-25

Particulars	Source	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
Power Purchase Quantum (MU)	GMR STPP PPA Short-Term Peak Load	-	5.35	-	-
	Exchange	-	-	-	-
	Base Load	41.32	-	41.53	-
	Peak Load	0.00	-	0.00	-
	DSM	-	-	-	-
	New Source	-	4.72	-	7.55
	Solar/REC Purchase	5.56	10.07	7.47	13.59
	Non-Solar/REC Purchase	6.09	8.63	6.37	9.06
	Total	52.97	28.77	55.37	30.21
Power Purchase Cost (Rs. Crore)	GMR STPP PPA Short-Term Peak Load	-	3.39	-	-
	Exchange	-	-	-	-
	Base Load	16.20	-	16.28	-
	Peak Load	0.00	-	0.00	-
	DSM	-	-	-	-
	New Source	-	2.36	-	3.78
	Solar Purchase	1.61	5.54	2.17	7.48
	Non-Solar Purchase	1.75	4.75	1.83	4.98
	Total	19.55	16.04	20.27	16.24
Average Power Purchase Cost (Rs. /kWh)	GMR STPP PPA Short-Term Peak Load	-	6.35	-	-
	Purchase of additional power (Exchange)	-	-	-	-
	DSM	-	-	-	-
	New Source	-	5.00	-	5.00
	Base Load	3.92	-	3.92	-
	Peak Load	-	-	-	-
	Solar Purchase	2.90	5.50	2.90	5.50
	Non-Solar Purchase	2.87	5.50	2.87	5.50
	Total	3.69	5.58	3.66	5.38

Commission's Analysis and Ruling

4.5.8 The Commission notes that KRCIPPL has proposed 65% and 75% purchase of power from Renewable Energy sources for FY 2023-24 and FY 2024-25 which is significantly higher than its RPO target for the respective years. The rate of such power purchase is also higher than other sources. Had KRCIPPL able to contract RE sources through long term contract such high cost of RE sources would have been avoided. But when there is no firm contract of RE source, projecting 65% and 75% of power through RE sources would not be appropriate. Even if, KRCIPPL contracts new RE source, it would take at least 18 months for commissioning of RE project and hence possibility of energy availability from such sources during next two years is negligible. Hence, the Commission is restricting RE

requirement of KRCIPPL to RPO percentage stipulated in Regulations for FY 2023-24 and FY 2024-25. Also tariff of RE sources is considered as Rs. 4.90 per unit which is weighted average rate of GDAM for the period of July to December 2022.

4.5.9 For conventional sources, the Commission notes that it has adopted tariff of Rs. 5.40 per unit for similar size of SEZ vide Order issued in Case No. 9 of 2023. The Commission has considered balance power requirement (after energy projected from RE sources) to be met procured from New Sources at average power purchase cost of Rs. 5.40/ kWh.

4.5.10 The power purchase quantum and cost for the FY 2023-24 and FY 2024-25 as approved by the Commission is shown in the table below.

Table 108: Power Purchase Quantum and Cost for FY 2023-24 and FY 2024-25 as approved by Commission

Particulars	Source	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Power Purchase Quantum (MU)	GMR STPP PPA Short-Term Peak Load	-	5.35	5.37	-	-	
	Exchange	-	-		-	-	
	Base Load	41.32	-		41.53	-	
	Peak Load	0.00	-		0.00		
	DSM	-	-		-		
	New Source	-	4.72	17.17	-	7.55	22.69
	Solar/REC Purchase	5.56	10.07	3.03	7.47	13.59	4.08
	Non-Solar/REC Purchase	6.09	8.63	3.32	6.37	9.06	3.48
	Total	52.97	28.77	28.89	55.37	30.21	30.22
Power Purchase Cost (Rs. Crore)	GMR STPP PPA Short-Term Peak Load	-	3.39	3.41	-	-	
	Exchange	-	-		-	-	
	Base Load	16.20	-		16.28	-	
	Peak Load	0.00	-		0.00		
	DSM	-	-		-	-	
	New Source	-	2.36	9.27	-	3.78	12.25
	Solar Purchase	1.61	5.54	1.49	2.17	7.48	2.00
	Non-Solar Purchase	1.75	4.75	1.63	1.83	4.98	1.70
	Total	19.55	16.04	15.79	20.27	16.24	15.96
Average Power Purchase Cost (Rs. /kWh)	GMR STPP PPA Short-Term Peak Load	-	6.35	6.35	-	-	
	Purchase of additional power (Exchange)	-	-		-	-	
	DSM	-	-		-		
	New Source	-	5.00	5.40	-	5.00	5.40
	Base Load	3.92	-		3.92	-	
	Peak Load	-	-		-	-	
	Solar Purchase	2.90	5.50	4.90	2.90	5.50	4.90

Particulars	Source	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
	Non-Solar Purchase	2.87	5.50	4.90	2.87	5.50	4.90
	Total	3.69	5.58	5.47	3.66	5.38	5.28

4.6 Intra-state Transmission Charges and MSLDC Charges

KRCIPPL’s Submission

4.6.1 KRCIPPL has considered the Intra-State Transmission Charges and MSLDC charges for FY 2023-24 and FY 2024-25 in line with the approved charges for FY 2022-23.

4.6.2 The Transmission Charges and MSLDC Charges projected by KRCIPPL are as shown in the table below:

Table 109: Projected Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Intra-State Transmission Charges	2.770	2.619	2.850	2.619
MSLDC Charges	0.015	0.013	0.015	0.013

Commission’s Analysis and Ruling

4.6.3 The Commission has notified Intra-state Transmission Charges through its InSTS Order in Case 239 of 2022 dated 31 March 2023 and MSLDC Charges in Case No. 233 of 2022 which have been considered by Commission for the FY 2023-24 and FY 2024-25 are shown in the table below:

Table 110: Intra-state Transmission Charges and MSLDC Charges for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Intra-State Transmission Charges	2.770	2.619	1.224	2.850	2.619	2.426
MSLDC Charges	0.015	0.013	0.007	0.015	0.013	0.008

4.7 Operation and Maintenance Expenses

KRCIPPL’s Submission

Computation as per MYT Regulations, 2019

4.7.1 Regulations 75 and 84 of the MYT Regulations, 2019 specify the methodology for determination of O&M expenses for FY 2023-24 and FY 2024-25 for the Wires Business and Supply Business, respectively.

4.7.2 KRCIPPL has taken the WPI CPI data of past 7 years and has computed the following escalation rates to be applied on calculating O&M Expenses:

Table 111: Escalation factor for O&M Expenses calculated and submitted by KRCIPPL

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
CPI (%)	5.04%	5.24%	5.24%	5.24%	5.24%
WPI (%)	2.38%	4.63%	4.63%	4.63%	4.63%
CPI:WPI::70:30	4.24%	5.06%	5.06%	5.06%	5.06%
Escalation factor	4.24%	5.06%	5.06%	5.06%	5.06%

4.7.3 KRCIPPL has also requested for non-consideration of the Efficiency factor as specified in Clause 75.3 of the MYT Regulations, 2019 (for Wires Business; similar provisions are there for Supply Business also).

4.7.4 KRCIPPL has claimed the normative employee expenses, as approved by the Commission based on the approved rationale for the same, without linkage to the actuals incurred by KRCIPPL. Further, as elaborated in the earlier Chapter, the MYT approved normative employee expenses have been restated on account of the variation in share of employee expenses between the KRC DISCOMs.

4.7.5 KRCIPPL has claimed the following normative O&M expenses for FY 2023-24 and FY 2024-25:

Table 112: Projected Normative O&M Expenses (Rs. Crore)

Particulars	Normative			
	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
O&M Expenses for Wires Business	0.81	0.79	0.83	0.83
O&M Expenses for Supply Business	0.44	0.43	0.45	0.45
Total O&M Expenses	1.25	1.22	1.28	1.28
Escalation Rate (WPI:CPI) (70:30)	3.83%	5.06%	3.83%	5.06%

Commission’s Ruling and Analysis:

4.7.6 In earlier part of this Order, the Commission has disallowed the restatement of employee expenses on equitable sharing basis among the KRC DISCOMs. Hence, same is also not considered for projection period of FY 2023-24 and FY 2024-25.

4.7.7 The Commission has computed the normative O&M charges for FY 2023-24 and FY 2024-25 by escalating the normative O&M expenses of previous year at the same inflation factor as that of FY 2021-22. Issue of not reducing efficiency factor based on growth in number of consumers will be re-considered at the time of True-up after considering actual number of consumers. Accordingly, O&M expense for these years is revised as follows. The O&M expenses for FY 2023-24 and FY 2024-25 projected and approved in this Order will be subject to final truing up of the said years.

Table 113: Total O&M Expenses for FY 2023-24 and FY 2024-25 as approved by the Commission

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
O&M Expenses for Wires Business	0.81	0.79	0.58	0.83	0.83	0.61
O&M Expenses for Supply Business	0.44	0.43	0.31	0.45	0.45	0.33
Total O&M Expenses	1.25	1.22	0.89	1.28	1.28	0.93

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Escalation Rate (WPI:CPI) (70:30)	3.83%	5.06%	5.06%	3.83%	5.06%	5.06%

4.7.8 The variance in O&M Expenses proposed by the Licensee and that approved by the Commission is on account of methodology adopted by the Commission for Truing up O&M expenses for FY 2019-20 to FY 2021-22 and provisioning O&M expenses for FY 2022-23.

4.8 Capital Expenditure and Capitalisation

KRCIPPL’s Submission

4.8.1 KRCIPPL has planned to execute approved DPR schemes in FY 2023-24.

4.8.2 The details of work and required capital expenditure and capitalisation are shown in following Table. KRCIPPL expects that all the Capital Expenditure for respective year shall get capitalized in the same year, except for the capex related to Building G1, for which the capex has been considered in FY 2022-23, but the capitalisation has been considered in FY 2023-24.

4.8.3 The capital expenditure and capitalization proposed to be incurred in FY 2023-24 for the Wires Business is as shown in the Table below:

Table 114: Projected Capital Expenditure and Capitalisation for Wires Business for FY 2023-24 (Rs. Crore)

Particulars	Capital Expenditure	Capitalisation
Wires Business	6.75	6.75
PS mapping	0.40	0.40
HT-LT network & Distribution Transformer (Bldg G1)	5.70	5.70
Real time conditional monitoring of transformer and switchgear system	0.40	0.40
Harmonic Filter	0.25	0.25

4.8.4 Similarly, the capital expenditure and capitalization proposed to be incurred in FY 2023-24 for Retail Supply Business is as shown in the Table below:

Table 115: Projected Capital Expenditure and Capitalisation for Retail Supply Business for FY 2023-24 (Rs. Crore)

Particulars	Capital Expenditure		Capitalisation	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Supply Business	0.05	0.34	0.05	0.34

4.8.5 KRCIPPL submitted that there is no Capital expenditure and Capitalization proposed for FY 2024-25 for the Wires Business.

4.8.6 Details of capital works and required capital expenditure and capitalisation for FY 2024-25 for Retail Supply Business are shown in the following Table. It is proposed that the Capital Expenditure for respective year shall get Capitalized in the same year:

Table 116: Proposed Non-DPR Schemes for Retail Supply Business for FY 2024-25

Name of Scheme	Description
Meter & Metering Instruments	For releasing of the future new connections & faulty Meter replacements

4.8.7 In view of the above works, the capital expenditure and capitalization proposed to be incurred in FY 2024-25 for Retail Supply Business is as shown in the Table below:

Table 117: Projected Capital Expenditure and Capitalisation for Retail Supply Business for FY 2024-25 (Rs. Crore)

Particulars	Capital Expenditure		Capitalisation	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Meter & Metering Instruments	0.05	0.05	0.05	0.05
Total Capital Expenditure and Capitalization	0.05	0.05	0.05	0.05

Table 118 : Capital Expenditure and Capitalisation for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Name of the Scheme	FY 2023-24	FY 2024-25
A) Distribution Wires Business		
Total Wire Business	6.75	0.00
B) Retail Supply Business		
Total Retail Supply Business	0.34	0.05
Total Capitalisation	7.09	0.05

Commission's Analysis and Ruling:

4.8.8 KRCIPPL has proposed Capital Expenditure as per DPR approved by the Commission. Further, the Commission notes that the Non-DPR schemes have been proposed for enhancing its efficiency on the operational and commercial front and retain consistency in providing reliable, quality power to its esteemed consumers

4.8.9 The Commission has analysed the justification given by KRCIPPL for the Non-DPR schemes and is of the considered view that such Non-DPR schemes would be required for smooth and efficient operations. As the schemes proposed by KRCIPPL are beneficial and these are within 20% limit, the Commission is approving the said Capex and Capitalisation

of Non-DPR schemes as proposed by KRCIPPL.

4.8.10 Accordingly, the Capitalisation approved by the Commission for the FY 2023-24 and FY 2024-25 is as shown in the table below:

Table 119: Capital Expenditure & Capitalisation for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Name of the Scheme	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
A) Distribution Wires Business						
Total Wire Business	0.10	6.75	6.75	0.00	0.00	0.00
B) Retail Supply Business						
Total Retail Supply Business	0.05	0.34	0.34	0.05	0.05	0.05
Total Capitalisation	0.15	7.09	7.09	0.05	0.05	0.05

4.8.11 It shall be the responsibility of KRCIPPL to ensure that only capital nature scope of work is executed as per the provisions of the MERC Capex Approval Regulations 2022.

4.9 Depreciation

KRCIPPL's Submission

4.9.1 KRCIPPL has calculated depreciation in accordance with Regulation 28 of the MYT Regulations, 2019 for the Distribution Wires and Retail Supply Business, separately. KRCIPPL has computed asset-wise depreciation on each asset class based on the depreciation rates as specified in Annexure I of the MERC MYT Regulations, 2019.

4.9.2 The Closing GFA of FY 2022-23 considered in Provisional Truing-up is taken as Opening GFA for FY 2023-24 and onwards. Further, addition to GFA is considered same as capitalization proposed in the previous section.

4.9.3 The following table shows the Depreciation computed for FY 2023-24 and FY 2024-25, based on Opening GFA and addition to GFA during the respective years:

Table 120: Depreciation for FY 2023-24 and FY 2024-25 submitted by KRCIPPL(Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Distribution Wires Business				
Opening GFA	33.16	24.67	33.26	31.42
Additions during the Year	0.10	6.75	0.00	0.00
Closing GFA	33.26	31.42	33.26	31.42
Depreciation	1.75	1.48	1.76	1.66
Retail Supply Business				
Opening GFA	0.66	0.51	0.71	0.85
Additions during the Year	0.05	0.34	0.05	0.05
Closing GFA	0.71	0.85	0.76	0.90
Depreciation	0.10	0.09	0.07	0.10

Commission's Analysis and Ruling

4.9.4 The Commission has computed the depreciation in accordance with Regulation 28 of MYT

Regulations, 2019 for the Distribution Wires and Retail Supply Businesses separately.

4.9.5 For computation of the Depreciation for each year, the closing GFA for FY 2022-23 as approved in the Order has been considered as the opening GFA for FY 2023-24 and the approved capitalisation from FY 2023-24 to FY 2024-25 has been considered for addition of assets during the year. The Commission has calculated the depreciation by applying the asset class-wise depreciation rate as specified in the MYT Regulations on the average asset class-wise GFA during the year.

4.9.6 The Depreciation approved for FY 2023-24 to FY 2024-25 for the Distribution Wires and Retail Supply Businesses is as shown in the table below:

Table 121: Depreciation for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Distribution Wires Business						
Opening GFA	33.16	24.67	24.67	33.26	31.42	31.42
Additions during the Year	0.10	6.75	6.75	0.00	0.00	0.00
Closing GFA	33.26	31.42	31.42	33.26	31.42	31.42
Depreciation	1.75	1.48	1.48	1.76	1.66	1.66
Retail Supply Business						
Opening GFA	0.66	0.51	0.51	0.71	0.85	0.85
Additions during the Year	0.05	0.34	0.34	0.05	0.05	0.05
Closing GFA	0.71	0.85	0.85	0.76	0.90	0.90
Depreciation	0.10	0.09	0.09	0.07	0.10	0.10

4.10 Interest on Loan Capital

KRCIPPL’s Submission

4.10.1 KRCIPPL has computed the Interest on Long-term Loan as per Regulation 30 of the MYT Regulations, 2019. The Closing net normative loan of FY 2022-23 considered in Provisional Truing-up is taken as Opening net normative loan for FY 2023-24 and onwards. The computation of interest on Long-term loan capital has done on the basis of opening normative loan in a year.

4.10.2 The normative repayment of loan has been considered equal to the projected depreciation for the respective year, in accordance with the Regulations. For arriving at the debt component, the debt: equity ratio of 70:30 has been considered on the proposed capitalisation for respective year. The interest rate has been considered as weighted average rate of interest of the actual loan basket of KRCIPPL.

4.10.3 Interest on long-term loan capital projected for FY 2023-24 and FY 2024-25 is shown in the following Table:

Table 122: Interest on Loan Capital for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Order on KRCIPPL’s Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Source of Loan	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Wire Business				
Opening Balance of Net Normative Loan	19.07	13.23	17.39	16.47
Addition of Normative Loan due to capitalisation during the year	0.07	4.73	0.00	0.00
Repayment of Normative loan during the year	1.75	1.48	1.76	1.66
Closing Balance of Net Normative Loan	17.39	16.47	15.63	14.82
Average Balance of Net Normative Loan	18.23	14.85	16.51	15.64
Weighted average Rate of Interest on actual Loans (%)	9.25%	7.15%	9.25%	7.15%
Interest Expenses	1.69	1.06	1.53	1.12
Retail Supply Business				
Opening Balance of Net Normative Loan	0.20	0.24	0.14	0.39
Addition of Normative Loan due to capitalisation during the year	0.04	0.24	0.04	0.04
Repayment of Normative loan during the year	0.10	0.09	0.07	0.10
Closing Balance of Net Normative Loan	0.14	0.39	0.10	0.33
Average Balance of Net Normative Loan	0.17	0.32	0.12	0.36
Weighted average Rate of Interest on actual Loans (%)	9.25%	7.15%	9.25%	7.15%
Interest Expenses	0.02	0.02	0.01	0.03

Commission’s Analysis and Ruling

- 4.10.4 The Commission has considered the funding pattern for capitalisation for FY 2023-24 and FY 2024-25 considering a debt equity ratio of 70:30 in line with the submissions of KRCIPPL, and approved quantum of capitalisation. This would be subject to prudence check and reviewed during the Final Truing Up for the relevant years.
- 4.10.5 Regulation 30.3 of MYT Regulations, 2019 specifies that the loan repayment be equal to the Depreciation allowed during the year. As per Regulations 30.5 of MYT Regulations 2019, the rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each year.
- 4.10.6 KRCIPPL was directed by the Commission to provide supporting documents to substantiate the interest rates considered by KRCIPPL for computing the weighted average interest rate of each year of the True-up period. However, KRCIPPL failed to provide sufficient comprehensive documents to substantiate all the interest rates against the loans during the FY 2019-20 to FY 2024-25. However, KRCIPPL failed to provide sufficient documents to substantiate its claim.
- 4.10.7 As also mentioned in preceding sections of this order, in such a scenario when insufficient documents are available to substantiate KRCIPPL’s claim, the Commission has considered the SBI MCLR base rate for each year of the true up period and provisional true up period.

In similar manner, for computing interest on loans for the FY 2023-24 and FY 2024-25, the Commission has followed the interest rate equal to that considered for provisional truing up year FY 2022-23, i.e., 7.00% for both the years.

4.10.8 The Interest on Loan approved by the Commission is summarised in the table below:

Table 123: Interest on Loan Capital for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)

Source of Loan	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Opening Balance of Net Normative Loan	19.07	13.23	13.23	17.39	16.47	16.47
Addition of Normative Loan due to capitalisation during the year	0.07	4.73	4.73	0.00	0.00	0.00
Repayment of Normative loan during the year	1.75	1.48	1.48	1.76	1.66	1.66
Closing Balance of Net Normative Loan	17.39	16.47	16.47	15.63	14.82	14.82
Average Balance of Net Normative Loan	18.23	14.85	14.85	16.51	15.64	15.64
Weighted average Rate of Interest on actual Loans (%)	9.25%	7.15%	7.00%	9.25%	7.15%	7.00%
Interest Expenses	1.69	1.06	1.04	1.53	1.12	1.10
Retail Supply Business						
Opening Balance of Net Normative Loan	0.20	0.24	0.24	0.14	0.39	0.39
Addition of Normative Loan due to capitalisation during the year	0.04	0.24	0.24	0.04	0.04	0.04
Repayment of Normative loan during the year	0.10	0.09	0.09	0.07	0.10	0.10
Closing Balance of Net Normative Loan	0.14	0.39	0.39	0.10	0.33	0.33
Average Balance of Net Normative Loan	0.17	0.32	0.32	0.12	0.36	0.36
Weighted average Rate of Interest on actual Loans (%)	9.25%	7.15%	7.00%	9.25%	7.15%	7.00%
Interest Expenses	0.016	0.02	0.022	0.011	0.03	0.025

4.11 Interest on Working Capital and Consumers' Security Deposit

KRCIPPL's Submission

4.11.1 KRCIPPL has computed the normative Interest on Working Capital as per Regulation 32.3(b) and 34.3(b) of the MYT Regulations, 2019.

4.11.2 KRCIPPL has projected the CSD by considering the actual CSD in FY 2022-23.

4.11.3 The one-year SBI MCLR prevalent on November 30, 2022 has been considered, i.e., 8.05%. Accordingly, for computation of IoWC, KRCIPPL has considered the rate of interest of 9.55% for FY 2023-24 and FY 2024-25, in accordance with the MYT Regulations, 2019.

4.11.4 The rate of interest for computation of interest on CSD has been considered equal to the prevailing Bank Rate of Reserve Bank of India (RBI), in accordance with the MYT Regulations, 2019, i.e., 6.15% prevalent as on November 30, 2022, as the closest proxy for the RBI Bank rate likely as on April 1, 2023.

4.11.5 The projected IoWC and interest on CSD for the Control Period is shown in the Tables below:

Table 124: Interest on Working Capital and CSD for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Distribution wires business				
O&M expenses for a month	0.068	0.06	0.069	0.07
Maintenance Spares at 1% of Opening GFA	0.332	0.25	0.333	0.31
One and half months’ equivalent of the expected revenue from Wheeling Charges	0.739	0.59	0.716	0.65
Less: Amount held as Security Deposit from Distribution System Users	0.238	0.01	0.243	0.01
Total Working Capital Requirement	0.90	0.89	0.88	1.02
Computation of Working Capital Interest				
Interest Rate (%) - SBI MCLR +150 basis points	9.50%	9.55%	9.50%	9.55%
Interest on Working Capital	0.09	0.09	0.08	0.10
Interest on CSD				
Interest Rate (%) - Bank Rate	5.40%	6.15%	5.40%	6.15%
Interest on CSD	0.01	0.01	0.01	0.01
Retail Supply business				
O&M expenses for a month	0.036	0.04	0.037	0.04
Maintenance Spares at 1% of Opening GFA	0.007	0.01	0.007	0.01
One and half months equivalent of the expected revenue from sale of electricity	2.829	2.41	2.933	2.45
Less: Amount held as security deposit	2.141	0.12	2.189	0.12
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.862	1.56	1.928	1.57
Total Working Capital Requirement	(1.131)	0.78	(1.140)	0.80
Computation of Working Capital Interest				
Interest Rate (%) - SBI MCLR+150 basis points	9.50%	9.55%	9.50%	9.55%
Interest on Working Capital	0	0.07	0	0.08
Interest on CSD				
Interest Rate (%) - Bank Rate	5.40%	6.15%	5.40%	6.15%

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Interest on CSD	0.116	0.01	0.118	0.01

4.11.6 Accordingly, KRCIPPL has requested to approve the projected IoWC and Interest on CSD for the Control Period, as shown in the Table above.

Commission’s Analysis and Ruling

4.11.7 The Commission has computed the normative IoWC in accordance with the Regulation 32.3 and 32.4 of the MYT Regulations, 2019. The rate of IoWC considered is the SBI MCLR Rate prevailed on the date of filing the Petition (i.e., 8.05%) plus 150 basis points, for both FY 2023-24 and FY 2024-25.

4.11.8 Further, in-line with the approach adopted for FY 2022-23 as stated in para 3.11.4 **Error! Reference source not found.**, the Commission has considered the actual CSD for FY 2021-22 as the CSD for FY 2023-24 and FY 2024-25. This would be subject to prudence check at the time of final truing-up of the said years.

4.11.9 The Commission has considered interest rate on CSD equal to the prevailing Bank Rate of RBI, in accordance with the MYT Regulations, 2019. The rate of interest on consumer security deposits is considered as 6.15% p.a. for FY 2023-24 and FY 2024-25.

4.11.10 The Interest on Working Capital and Consumer’s Security Deposit as approved by the Commission for the Distribution Wires Business and the Supply Business is as shown in the table below:

Table 125: Interest on Working Capital and Consumers’ Security Deposit for FY 2023-24 and FY 2024-25 approved by the Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Distribution wires business						
O&M expenses for a month	0.068	0.06	0.05	0.069	0.07	0.05
Maintenance Spares at 1% of Opening GFA	0.332	0.25	0.25	0.333	0.31	0.31
One and half months’ equivalent of the expected revenue from Wheeling Charges	0.739	0.59	0.85	0.716	0.65	0.61
Less: Amount held as Security Deposit from Distribution System Users	0.238	0.01	0.33	0.243	0.01	0.33
Total Working Capital Requirement	0.90	0.89	0.82	0.88	1.02	0.65
Interest Rate (%) - SBI MCLR +150 basis points	9.50%	9.55%	9.55%	9.50%	9.55%	9.55%

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this order	MYT Order	MTR Petition	Approved in this order
Interest on Working Capital	0.09	0.09	0.08	0.08	0.10	0.06
Interest on CSD						
Interest Rate (%) - Bank Rate	5.40%	6.15%	6.15%	5.40%	6.15%	6.15%
Interest on CSD	0.01	0.01	0.020	0.01	0.01	0.020
Retail Supply business						
O&M expenses for a month	0.036	0.04	0.03	0.037	0.04	0.03
Maintenance Spares at 1% of Opening GFA	0.007	0.01	0.01	0.007	0.01	0.01
One and half months equivalent of the expected revenue from sale of electricity	2.829	2.41	1.93	2.933	2.45	2.38
Less: Amount held as security deposit	2.141	0.12	2.96	2.189	0.12	2.96
Less: One-month equivalent of cost of power purchase, transmission charges and MSLDC Charges	1.862	1.56	1.42	1.928	1.57	1.53
Total Working Capital Requirement	(1.131)	0.78	(2.41)	(1.140)	0.80	(2.07)
Interest Rate (%) - SBI MCLR+150 basis points	9.50%	9.55%	9.55%	9.50%	9.55%	9.55%
Interest on Working Capital	0.00	0.07	-	0.00	0.08	-
Interest on CSD						
Interest Rate (%) - Bank Rate	5.40%	6.15%	6.15%	5.40%	6.15%	6.15%
Interest on CSD	0.116	0.01	0.182	0.118	0.01	0.182

4.12 Return on Equity

KRCIPPL’s Submission

4.12.1 KRCIPPL has computed the Return on Equity Capital for FY 2023-24 and FY 2024-25 in accordance with Regulation 29 of the MERC MYT Regulations, 2019 for Distribution Wires and Retail Supply Business, separately.

4.12.2 KRCIPPL has considered Closing Equity of FY 2022-23 as Opening Equity of FY 2023-24 and onwards. Addition to equity is considered equal to 30% of the capitalization proposed for respective year of the Control Period as specified in the MYT Regulations, 2019. Further, MYT Regulations, 2019 provides for pre-tax RoE to be computed for the

Control Period. In line with Regulation 34 of MYT Regulations, 2019, KRCIPPL has claimed pre-tax RoE for FY 2023-24 and FY 2024-25.

4.12.3 For computation of pre-tax RoE, KRCIPPL has considered the total gross income of Regulated Business and the actual income tax payable by the Regulated Business for FY 2021-22. The following Table shows the RoE computed for Wires and Retail Supply Business as per the Regulations:

Table 126: Return on Equity for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	Projected	MYT Order	Projected
Distribution wires business				
Regulatory Equity at the beginning of the year	9.95	7.40	9.98	9.43
Equity portion of capitalisation during the year	0.03	2.03	0.00	0.00
Regulatory Equity at the end of the year	9.98	9.43	9.98	9.43
Return on Equity Computation				
Base Rate of Return on Equity	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate		14.26%		14.26%
Return on Regulatory Equity at the beginning of the year		1.06		1.34
Return on Regulatory Equity addition during the year		0.14		0.00
Total Return on Equity	1.39	1.20	1.40	1.34
Retail supply business				
Regulatory Equity at the beginning of the year	0.21	0.15	0.23	0.25
Equity portion of capitalisation during the year	0.02	0.10	0.02	0.02
Regulatory Equity at the end of the year	0.23	0.25	0.25	0.27
Return on Equity Computation				
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate		15.79%		15.79%
Return on Regulatory Equity at the beginning of the year		0.02		0.04
Return on Regulatory Equity addition during the year		0.01		0.00
Total Return on Equity	0.03	0.03	0.03	0.04

Commission's Analysis and Ruling

4.12.4 The Commission has computed RoE at 14% and 15.5% of the equity for Wires Business and Supply Businesses, respectively, in accordance with the Regulations 29 of MYT Regulations, 2019 on the opening equity of the year and on 50% of the projected asset

capitalisation during each year and considering 70:30 Debt: Equity ratio.

4.12.5 For arriving at the regulatory equity at the beginning of the year for 2023-24, the closing equity at the end of FY 2022-23 as approved in this Order has been considered.

4.12.6 In-line with the approach taken by the Commission for FY 2022-23, no grossing up of ROE with the effective tax rate has been considered for FY 2023-24 and FY 2024-25.

4.12.7 The RoE approved by the Commission for the Wires Business and Supply Business is summarised in the following table:

Table 127: Return on Equity for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Distribution wires business						
Regulatory Equity at the beginning of the year	9.95	7.40	7.40	9.98	9.43	9.43
Equity portion of capitalisation during the year	0.03	2.03	2.03	0.00	0.00	0.00
Regulatory Equity at the end of the year	9.98	9.43	9.43	9.98	9.43	9.43
Return on Equity Computation						
Base Rate of Return on Equity	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Pre-tax Return on Equity after considering effective Tax rate		14.26%	14.00%		14.26%	14.00%
Return on Regulatory Equity at the beginning of the year		1.06	1.04		1.34	1.32
Return on Regulatory Equity addition during the year		0.14	0.14		0.00	0.00
Total Return on Equity	1.39	1.20	1.18	1.40	1.34	1.32
Retail supply business						
Regulatory Equity at the beginning of the year	0.21	0.15	0.15	0.23	0.23	0.25
Equity portion of capitalisation during the year	0.02	0.10	0.10	0.02	0.02	0.02

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Regulatory Equity at the end of the year	0.23	0.25	0.25	0.25	0.27	0.27
Return on Equity Computation						
Base Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Pre-tax Return on Equity after considering effective Tax rate		15.79%	15.50%		15.79%	15.50%
Return on Regulatory Equity at the beginning of the year		0.02	0.02		0.04	0.04
Return on Regulatory Equity addition during the year		0.01	0.01		0.00	0.00
Total Return on Equity	0.03	0.03	0.03	0.03	0.04	0.04

4.13 Provisioning for Bad Debts

KRCIPPL’s Submission

4.13.1 KRCIPPL has not considered any provisioning for bad and doubtful debts as it has not envisaged any outstanding receivables during FY 2023-24 and FY 2024-25.

Commission’s Analysis and Ruling

4.13.2 The Commission has observed that KRCIPPL has had high collection efficiency in the FY 2019-20, FY 2020-21, and FY 2021-22. Accordingly, considering KRCIPPL’s submissions, the Commission has not considered any amount towards provisioning for bad debts for the FY 2023-24 and FY 2024-25 of the Control Period.

4.14 Contribution to Contingency Reserves

KRCIPPL’s Submission

4.14.1 KRCIPPL has considered the Contribution to Contingency Reserves in accordance with Regulation 35 of the MYT Regulations, 2019 at 0.5% of original cost of fixed assets as shown in the table below:

Table 128: Contribution to Contingency Reserves for FY 2023-24 & FY 2024-25(Rs. Crore)

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening GFA of Wire Business	33.16	24.67	33.26	31.42
Contribution to Contingency Reserves for Wires Business	0.166	0.12	0.166	0.16

Particulars	FY 2023-24		FY 2024-25	
	MYT Order	MTR Petition	MYT Order	MTR Petition
Opening GFA of Retail Supply Business	0.68	0.51	0.73	0.85
Contribution to Contingency Reserves for Retail Supply Business	0.003	0.003	0.004	0.004

Commission's Analysis and Ruling

4.14.2 The Commission approves the Contribution to Contingency Reserves for each year of the Control Period as 0.5% of the original cost of fixed assets as proposed by GEPL and in line with the Regulations 35 of MYT Regulations 2019.

4.14.3 At the time of true-up, contribution to contingency reserve would be allowed only if it is invested in securities authorised under the Indian Trusts Act, 1882 within a period of six months of the close of the Year.

4.14.4 The Contribution to Contingency Reserves approved by the Commission is as summarised below:

Table 129: Contribution to Contingency Reserves for FY 2023-24 & FY 2024-25 approved by Commission (Rs. Crore)

Particular	2023-24			2024-25		
	MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
Contribution to Contingency Reserves for Distribution Wires Business	0.166	0.12	0.12	0.166	0.16	0.16
Contribution to Contingency Reserves for Retail Supply Business	0.003	0.003	0.003	0.004	0.004	0.004

4.15 Non- Tariff Income

KRCIPPL's Submission

4.15.1 KRCIPPL has projected Non-Tariff Income for FY 2023-24 and FY 2024-25 at the same level as the estimated levels for FY 2022-23. The Non-Tariff Income projected for FY 2023-24 and FY 2024-25 is shown in the following Table:

Table 130: Non-Tariff Income for FY 2023-24 and FY 2024-25 as submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
1	Non-Tariff Income for Wires Business	0.017	0.000	0.027	0.000
2	Non-Tariff Income for Retail Supply Business	0.406	0.015	0.421	0.015

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Sr. No.	Particulars	FY 2023-24		FY 2023-24	
		MYT Order	Projected	MYT Order	Projected
	Total Non-Tariff Income	0.423	0.019	0.448	0.019

Commission's Analysis and Ruling

4.15.2 The income from charges levied as per schedule of charges which is booked under Non-Tariff Income as it is being charged separately than tariff for service offered does not exhibit any pattern. Therefore, the NTI towards income from consumer charges as projected by KRCIPPL is approved by the Commission for each year of FY 2023-24 and FY 2024-25 is shown in table below:

Table 131: Non-Tariff Income for FY 2023-24 & FY 2024-25 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved in this Order	MYT Order	MTR Petition	Approved in this Order
1	Non-Tariff Income for Wires Business	0.017	0.000	0.000	0.027	0.000	0.000
2	Non-Tariff Income for Retail Supply Business	0.406	0.015	0.015	0.421	0.015	0.015
	Total Non-Tariff Income	0.423	0.019	0.019	0.448	0.019	0.019

4.16 Summary of Aggregate Revenue Requirement (ARR) for FY 2023-24 & FY 2024-25

KRCIPPL's Submission

4.16.1 The Summary of ARR for FY 2023-24 and FY 2024-25 for Distribution Wires Business and Retail Supply Business is shown in the following Table:

Table 132: ARR Summary for Distribution Wires Business for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
1.	Operation & Maintenance Expenses	0.811	0.79	0.834	0.83
2.	Depreciation	1.754	1.48	1.756	1.66
3.	Interest on Loan Capital	1.686	1.06	1.527	1.12
4.	Interest on Working Capital	0.086	0.09	0.083	0.10
5.	Interest on Deposit from Consumers and Distribution System Users	0.013	0.01	0.013	0.01
6.	Contribution to contingency reserves	0.166	0.120	0.166	0.16
7.	Total Revenue Expenditure	4.515	3.55	4.379	3.87
8.	Add: Return on Equity Capital	1.395	1.20	1.397	1.34
9.	Aggregate Revenue Requirement	5.910	4.75	5.776	5.22
10.	Less: Non-Tariff Income	0.017	0.00	0.027	0.00

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
11.	Aggregate Revenue Requirement from Distribution Wires	5.893	4.75	5.750	5.22

Table 133: ARR Summary for Retail Supply Business for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MYT Order	Projected	MYT Order	Projected
1.	Power Purchase Expenses	19.558	16.04	20.272	16.24
2.	Operation & Maintenance Expenses	0.436	0.43	0.449	0.45
3.	Depreciation	0.101	0.09	0.074	0.10
4.	Interest on Loan Capital	0.016	0.02	0.011	0.03
5.	Interest on Working Capital	0.000	0.07	0.000	0.08
6.	Interest on Consumer Security Deposit	0.116	0.01	0.118	0.01
7.	Write-off of bad and doubtful debts	0.000	0.00	0.000	0.00
8.	Contribution to contingency reserves	0.003	0.00	0.004	0.00
9.	Intra-State Transmission Charges	2.770	2.62	2.851	2.62
10.	MSLDC Fees & Charges	0.015	0.01	0.015	0.01
11.	Total Revenue Expenditure	23.014	19.30	23.794	19.54
12.	Add: Return on Equity Capital	0.032	0.03	0.034	0.04
13.	Aggregate Revenue Requirement	23.046	19.33	23.828	19.58
14.	Less: Non-Tariff Income	0.406	0.01	0.421	0.01
15.	Aggregate Revenue Requirement from Retail Supply	22.640	19.31	23.407	19.57

Commission's Analysis and Ruling

4.16.2 Based on the analysis in the previous paragraphs, the Commission approves the ARR for the Distribution Wires Business and Supply Business for FY 2023-24 and FY 2024-25 as summarised in the Tables below:

Table 134: ARR for Distribution Wires Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
1.	Operation & Maintenance Expenses	0.811	0.79	0.58	0.834	0.83	0.61
2.	Depreciation	1.754	1.48	1.48	1.756	1.66	1.66
3.	Interest on Loan Capital	1.686	1.06	1.04	1.527	1.12	1.10
4.	Interest on Working Capital	0.086	0.09	0.08	0.083	0.10	0.06
5.	Interest on Consumers Security Deposit	0.013	0.01	0.02	0.013	0.01	0.02

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Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
6.	Contribution to contingency reserves	0.166	0.120	0.12	0.166	0.16	0.16
7.	Total Revenue Expenditure	4.515	3.55	3.32	4.379	3.87	3.60
8.	Add: Return on Equity Capital	1.395	1.20	1.18	1.397	1.34	1.32
9.	Aggregate Revenue Requirement	5.910	4.75	4.50	5.776	5.22	4.92
10.	Less: Non-Tariff Income	0.017	0.00	0.00	0.027	0.00	0.00
11.	Aggregate Revenue Requirement from Distribution Wires	5.893	4.75	4.49	5.750	5.22	4.92

Table 135: ARR for Retail Supply Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Sr. No.	Particulars	FY 2023-24			FY 2024-25		
		MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
1.	Power Purchase Expenses	19.558	16.04	15.79	20.272	16.24	15.96
2.	Operation & Maintenance Expenses	0.436	0.43	0.31	0.449	0.45	0.33
3.	Depreciation	0.101	0.09	0.09	0.074	0.10	0.10
4.	Interest on Loan Capital	0.016	0.02	0.02	0.011	0.03	0.03
5.	Interest on Working Capital	0.000	0.07	0.00	0.000	0.08	0.00
6.	Interest on Consumer Security Deposit	0.116	0.01	0.18	0.118	0.01	0.18
7.	Write-off of bad and doubtful debts	0.000	0.00	0.00	0.000	0.00	0.00
8.	Contribution to contingency reserves	0.003	0.00	0.00	0.004	0.00	0.00
9.	Intra-State Transmission Charges	2.770	2.62	1.22	2.851	2.62	2.43
10.	MSLDC Fees & Charges	0.015	0.01	0.01	0.015	0.01	0.01
11.	Total Revenue Expenditure	23.014	19.30	17.63	23.794	19.54	19.03
12.	Add: Return on Equity Capital	0.032	0.03	0.03	0.034	0.04	0.04
13.	Aggregate Revenue Requirement	23.046	19.33	17.66	23.828	19.58	19.07
14.	Less: Non-Tariff Income	0.406	0.01	0.01	0.421	0.01	0.01
15.	Aggregate Revenue Requirement from Retail Supply	22.640	19.31	17.64	23.407	19.57	19.06

Table 136: Combined ARR for Distribution Wires and Retail Supply Business for FY 2023-24 and FY 2024-25 approved by Commission (Rs. Crore)

Particulars	FY 2023-24			FY 2024-25		
	MYT Order	MTR Petition	Approved	MYT Order	MTR Petition	Approved
Power Purchase Expenses	19.558	16.04	15.79	20.272	16.24	15.96
Operation & Maintenance Expenses	1.247	1.22	0.89	1.282	1.28	0.93
Depreciation	1.854	1.57	1.57	1.830	1.76	1.76
Interest on Loan Capital	1.702	1.09	1.06	1.538	1.15	1.12
Interest on Working Capital	0.086	0.16	0.08	0.083	0.17	0.06
Interest on Consumer Security Deposit	0.128	0.02	0.20	0.131	0.02	0.20
Write-off/Provision for bad and doubtful debts	-	-	0.00	-	-	0.00
Contribution to contingency reserves	0.169	0.13	0.13	0.170	0.16	0.16
Intra-State Transmission Charges	2.770	2.62	1.22	2.851	2.62	2.43
MSLDC Fees & Charges	0.015	0.01	0.01	0.015	0.01	0.01
Income Tax		-	0.00	-	-	0.00
Sharing of gains/(losses)		-	0.00	-	-	0.00
Total Revenue Expenditure	27.529	22.85	20.94	28.173	23.41	22.63
Add: Return on Equity Capital	1.427	1.23	1.21	1.431	1.39	1.36
Aggregate Revenue Requirement	28.955	24.08	22.15	29.604	24.80	23.99
Less: Non-Tariff Income	0.423	0.01	0.02	0.448	0.01	0.02
Aggregate Revenue Requirement from Distribution Wires and Retail Supply Business	28.533	24.07	22.14	29.157	24.78	23.98

4.16.3 The detailed analysis underlying the Commission’s approval of individual ARR elements for FY 2023-24 and FY 2024-25 is already set out above, however, the variation in the ARR sought by the KRCIPPL and that approved by the Commission in this Order is mainly on account of the variation in power purchase cost, consideration of one-year SBI MCLR rate as interest on long term loans, Interest on Working Capital, difference in Consumer Security Deposit computation method, and revision in Intra-State Transmission Charges.

5 TARIFF PHILOSOPHY, TARIFF DESIGN AND CATEGORY-WISE TARIFFS FOR FY 2023-24 and FY 2024-25

5.1 Approach to Tariff Design

- 5.1.1 The Commission has kept in view the main objects of the Electricity Act, 2003 (“EA, 2003”), as set out in its Preamble, including the protection of the interest of consumers, the supply of electricity to all areas and rationalisation of tariffs. The EA, 2003 also mandates the Commission to maintain a healthy balance between the interest of the Utilities and the reasonableness of the cost of power being supplied to consumers. The Commission has also kept in view the principles of tariff determination set out in Sections 61 and Section 62 of the EA, 2003, the Tariff Policy, 2016 and the MYT Regulations, 2019, and also taken into considerations KRCIPPL’s submissions as well as the Public responses in these MYT proceedings.
- 5.1.2 Considering the above, the Commission has determined the ARR as well as the category wise tariff, Wheeling Charges and Cross-Subsidy Surcharge (CSS) for FY 2023-24 and FY 2024-25.

5.2 Computation of Carrying / (Holding) Cost on account of Truing-up of FY 2019-20 to FY 2021-22 and Provisional Truing up of FY 2022-23

KRCIPPL’s Submission

- 5.2.1 KRCIPPL has computed carrying/(holding cost) on Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22 to be passed on in the tariff of FY 2023-24 and FY 2024-25. KRCIPPL submitted that the Commission has already considered the Revenue Surplus of Rs. 1.259 Crore after Provisional True-up of FY 2019-20 in the MYT Order dated 30 March, 2020, and adjusted the same in the Tariff for the MYT Control Period.
- 5.2.2 In the earlier Chapters, KRCIPPL has computed consolidated Revenue Gap of Rs. 2.25 Crore for FY 2019-20 after Truing-up. Since certain amount of Revenue Gap/(Surplus) of FY 2019-20 has already been passed through in the MYT Order, KRCIPPL has claimed pass through of the incremental Revenue Gap/(Surplus) and the associated Carrying/(Holding) cost on the incremental Revenue Gap/(Surplus), vis-à-vis the amounts already passed through in the MYT Order. The Revenue Gap after truing up for FY 2020-21 and FY 2021-22 have been considered fully, as these are yet to be passed through to the consumers. The interest rate considered for computation of carrying/(holding) cost is same as the rate of interest on working capital for the respective year.
- 5.2.3 The following Table shows the computation of carrying/(holding) cost on the Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21 and FY 2021-22:

Table 137: Computation of carrying/(holding) cost submitted by KRCIPPL (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening Incremental Gap/(Surplus)	-	(1.07)	(1.75)	(1.55)	(1.55)	
Incremental Gap/(Surplus) during the year	(1.07)	(0.67)	0.19		-	

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Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Closing Gap/(Surplus)	(1.07)	(1.75)	(1.55)	(1.55)	(1.55)	
Average Gap/(Surplus)	(0.54)	(1.41)	(1.65)	(1.55)	(1.55)	
Interest Rate for Carrying/(Holding) Cost	9.66%	8.57%	8.50%	9.55%	9.55%	
Carrying/(Holding) Cost for the Year	(0.05)	(0.12)	(0.14)	(0.15)	(0.15)	(0.61)

5.2.4 As shown above, KRCIPPL arrived at total holding cost of Rs. (0.61) Crore to be adjusted in the revised ARR of FY 2023-24 and FY 2014-25.

Commission's Analysis and Ruling

5.2.5 The Commission approves adjustment of Revenue surplus of Rs. 1.259 Crore from in the FY 2019-20 which was considered by the Commission during Provisional Truing-up of FY 2019-20 in its MYT Order in Case No. 329 of 2019. The aforesaid amount have been considered while Truing-up the ARR for FY 2019-20.

5.2.6 The Carrying/Holding cost on the Revenue Gap/Surplus amounts as determined for FY 2019-20 to FY 2023-24 is considered in ARR of FY 2023-24 in this MTR Order.

5.2.7 Regulation 33 of the MYT Regulations, 2019 specifies that Carrying Cost or Holding Cost shall be allowed on the admissible amounts, with simple interest, at the weighted average Base Rate prevailing during the concerned Year, plus 150 basis points.

5.2.8 In line with the said Regulation, the Commission has computed the Carrying Cost or Holding Cost by applying prevalent interest rate as specified in the said Regulations. The carrying cost on above incremental Revenue Gaps for FY 2019-20 to FY 2021-22 is computed as shown below:

Table 138: Computation of Cumulative Revenue Gap/(Surplus) after Truing up (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Opening Revenue Gap/(Surplus)	0.00	(1.54)	(2.77)	(3.34)	(3.34)	0.00
Addition of Revenue Gap/(Surplus) in the year	(1.54)	(1.23)	(0.58)		3.34	-
Closing Revenue Gap/(Surplus)	-1.54	(2.77)	(3.34)	(3.34)	-	0.00
Average Revenue Gap/(Surplus)	(0.77)	(2.15)	(3.05)	(3.34)	(1.67)	-
Carrying/(Holding) Cost - interest rate (%)	9.66%	8.57%	8.50%	9.55%	9.55%	9.55%
Carrying/(Holding) Cost	(0.07)	(0.18)	(0.26)	(0.32)	(0.16)	-
Total Carrying Cost till that year					(1.00)	-
<i>*No Carrying Cost is considered for the Revenue gap/surplus of FY 2022-23 as it is being provisionally trued-up</i>						

5.3 Revenue Gap/ (Surplus) at existing Tariff over FY 2023-24 and FY 2024-25

KRCIPPL's Submission

5.3.1 KRCIPPL has computed the Revenue Gap/(Surplus) at the existing tariff based on the projected ARR of the Distribution Wires and Retail Supply Business, and the revenue based on the projected category-wise sales and tariff presently being charged to the

consumers, i.e., Tariff for FY 2022-23, as approved by the Commission in the MYT Order. The FAC prevailing in October 2022 has been considered by KRCIPPL as part of the existing tariff, in line with the approach followed by the Commission in all its Tariff Orders.

5.3.2 The overall projected Revenue Gap/(Surplus) based on projected ARR and Revenue from existing tariff for FY 2023-24 and FY 2024-25 is summarised in the Table below:

Table 139: Revenue Gap/ (Surplus) at existing Tariff submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	ARR for Distribution Wires Business	4.75	5.22
2.	ARR for Retail Supply Business	19.31	19.57
3.	ARR for Combined Wires Business & Retail Supply Business	24.07	24.78
4.	Add: Incremental Revenue Gap/(Surplus) for FY 2019-20	(1.07)	
5.	Add: Revenue Gap/(Surplus) for FY 2020-21	(0.67)	
6.	Add: Revenue Gap/(Surplus) for FY 2021-22	0.19	
7.	Add: Carrying/(Holding) Cost for Revenue Gap/(Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22	(0.61)	
8.	Add: Revenue Gap/(Surplus) for FY 2022-23	1.18	3.53
9.	Total Revenue Requirement	23.08	28.31
10.	Revenue from existing tariff	20.44	21.17
11.	Revenue Gap of Licensed Business	2.65	7.14

5.3.3 From the above Table, it is observed that there is a Revenue Gap for FY 2023-24 and FY 2024-25, as the revenue at the existing tariff is lower than the ARR of the Wires Business and Supply Business. Hence, the tariff is required to be increased in order to recover the ARR of the Wires Business and Supply Business. As stated earlier, KRCIPPL has proposed category-wise tariffs for FY 2023-24 and FY 2024-25, to realise the revised Net ARR computed in the Table above.

5.3.4 The following Table shows the Projected Revenue Requirement considered for recovery and Average Cost of Supply for FY 2023-24 and FY 2024-25:

Table 140: Projected Revenue Requirement and ACoS for FY 2023-24 and FY 2024-25 submitted by KRCIPPL (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Net ARR of Licensed Business	23.08	28.31
2.	Energy Sales (Mn. kWh)	27.34	28.71
3.	Energy Sales (Mn. kVAh)	28.51	29.94
4.	Average Cost of Supply (Rs. /kWh)	8.44	9.86
5.	Average Cost of Supply (Rs. /kVAh)	8.09	9.46

Commission's Analysis and Ruling

5.3.5 The Commission has computed the Revenue Gap/(Surplus) after Truing-up of FY 2019-20 to FY 2021-22 and Provisional Truing-up for FY 2022-23 as detailed in preceding part of this Order. Further, the Revenue Gap/(Surplus) has been determined for FY 2023-24 and FY 2024-25 at the existing Tariff based on the approved ARR of the Distribution Wires

and Retail Supply Business, and the revenue estimated by it from sale of electricity at the existing tariff.

5.3.6 The Revenue Gap/(Surplus) approved for the Control Period is as shown below:

Table 141: Revenue Gap/ (Surplus) at existing Tariff for approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2023-24		FY 2024-25	
		MTR Petition	Approved	MTR Petition	Approved
1	ARR for Distribution Wires Business	4.75	4.49	5.22	4.92
2	ARR for Retail Supply Business	19.31	17.64	19.57	19.06
3	ARR for Combined Wires Business & Retail Supply Business	24.07	22.14	24.78	23.98
4	Add: Incremental Revenue Gap/(Surplus) for FY 2019-20	-1.07	(1.54)		
5	Add: Revenue Gap/(Surplus) for FY 2020-21	-0.67	(1.23)		-
6	Add: Revenue Gap/(Surplus) for FY 2021-22	0.19	(0.58)		-
7	Add: Carrying/(Holding) Cost for Revenue Gap/ (Surplus) of FY 2019-20, FY 2020-21, and FY 2021-22	-0.61	(1.00)		-
8	Add: Revenue Gap/(Surplus) for FY 2022-23	1.18	4.45	3.53	-
9	Total Revenue Requirement	23.08	22.25	28.31	23.98
11	Revenue Requirement deferred to future years	0.00	0.00	0.00	0.00
12	Net ARR of Licensed Business	23.08	22.25	28.31	23.98
13	Revenue from existing tariff	20.44	18.51	21.17	18.82
14	Revenue Gap of Licensed Business	2.65	3.74	7.14	5.16

5.3.7 Based on the above the projected revenue requirement and the ACOS computed by the Commission for FY 2023-24 and FY 2024-25 is given in the Table below:

Table 142: Revenue Requirement and ACoS approved by the Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	Adjusted ARR Requirement	
	FY 2023-24	FY 2024-25
ARR (Rs. Crore)	22.25	23.98
Sales (Mn. kWh)	27.34	28.71
Sales (Mn. kVAh)	28.51	29.94
ACOS (Rs/kWh)	8.14	8.35
ACOS (Rs/kVAh)	7.80	8.01
% YOY increase in tariff (Average Billing Rate) (ABR for FY 2022-23 is Rs. 7.40/kVAh)	5.53%	2.61%

5.4 Determination of Wheeling Charges

KRCIPPL's Submission

- 5.4.1 The Wheeling Charges by KRCIPPL have been proposed in accordance with the approach followed by the Commission in the MYT Order, such that the entire Wires ARR is recovered from the Wheeling Charges. The Retail Supply Tariff, i.e., Fixed/Demand Charges and Energy Charges, have been proposed accordingly, to recover the balance part of the composite ARR projected for the Control Period.
- 5.4.2 In accordance with the Commission's directions in this regard, KRCIPPL has computed the Wheeling Charges separately for HT and LT voltage, as shown in the Table below:

Table 143: Wheeling Charges submitted by KRCIPPL for FY 2023-24 and FY 2024-25 (Rs. Crore)

Sr. No.	Particulars	FY 2023-24	FY 2024-25
1.	Wires ARR (Rs. Crore)	4.75	5.22
2.	GFA attributable to HT Network (%)	42.00%	42.00%
3.	GFA attributable to LT Network (%)	58.00%	58.00%
4.	Charge recoverable from HT consumers (Rs. Crore)	2.00	2.19
5.	Charge recoverable from LT consumers (Rs. Crore)	2.76	3.03
6.	Total HT Sales (MkVAh)	22.44	23.56
7.	Total LT Sales (MkVAh)	6.08	6.38
8.	Charge recoverable from HT consumers (Rs. Crore)	1.57	1.72
9.	Charge recoverable from LT consumers (Rs. Crore)	3.18	3.49
10.	HT Wheeling Charge (Rs./kVAh)	0.70	0.73
11.	LT Wheeling Charge (Rs./kVAh)	5.24	5.48
12.	Composite Wheeling Charges (Rs/kVAh)	1.67	1.74

- 5.4.3 As can be seen from the above computation, LT Wheeling Charges, if computed separately, are working out to be very high, on account of the very low share of sales (21%) as against share of 58% of the Wires ARR. Hence, KRCIPPL requested the Commission to consider the composite (HT and LT combined) Wheeling Charges.

Commission's Analysis and Ruling

- 5.4.4 In continuation of approach followed by the Commission in the last MYT Order of KRCIPPL and taking into consideration nature of business of KRCIPPL, the Commission has approved same Distribution Loss levels for both HT and LT consumers in FY 2023-24 and FY 2024-25.
- 5.4.5 The Commission has determined the Wheeling Charges in Rs/kVAh by considering the approved energy sales in kVAh and ARR of Distribution Wires Business.
- 5.4.6 The Commission has computed revised ARR for FY 2023-24 and FY 2024-25 of Distribution Wire business after considering revenue gap/(surplus) of FY 2019-20 to FY 2021-22 along with carrying cost, in FY 2023-24. FY 2022-23 being provisional true up year, the revenue gap of FY 2022-23 is considered for recovery in FY 2023-24.
- 5.4.7 It is observed that the standalone ARR for the Distribution Wires Business in FY 2023-24 is Rs. 4.49 Crore. If the entire revenue gap for the period FY 2019-20 to FY 2022-23 along with the applicable carrying cost is added to the standalone ARR, then the resultant recovery required from the Wheeling Charges would be Rs. 13.72 Crores. This would

result in Wheeling Charges of Rs. 4.81/ kVAh and hence the Energy Charges will need to be drastically reduced. Hence, while the MYT Regulations require the revenue gap to be recovered entirely from the Wheeling Charges, considering the above-mentioned scenario the Commission is constrained to limit the recovery of the revenue gap to 25% through the wheeling charges for FY 2023-24. The remaining gap would consequently be recovered from the Demand and Energy Charges.

5.4.8 Accordingly, the Commission has determined the common Wheeling Charges for HT and LT categories based on the estimated revenue from Wheeling Charges and approved energy sales as shown in the table below:

Table 144: Wheeling Charges approved by Commission for FY 2023-24 and FY 2024-25 (Rs. Crore)

Particulars	FY 23-24	FY 24-25
Wires ARR (Rs. Crore)	6.80	4.92
GFA attributable to HT Network (%)	42%	42%
GFA attributable to LT Network (%)	58%	58%
Charge recoverable from HT consumers (Rs. Crore)	2.86	2.06
Charge recoverable from LT consumers (Rs. Crore)	3.94	2.85
Total HT Sales (MkVAh)	22.44	23.56
Total LT Sales (MkVAh)	6.08	6.38
Charge recoverable from HT consumers (Rs. Crore)	2.25	1.62
Charge recoverable from LT consumers (Rs. Crore)	4.55	3.29
HT Wheeling Charge (Rs./kVAh)	1.00	0.69
LT Wheeling Charge (Rs./kVAh)	7.49	5.16
Composite Wheeling Charges (Rs/kVAh)	2.39	1.64

5.5 Tariff Philosophy for Retail Supply

Background

5.5.1 As discussed earlier, the Commission is guided by the provisions of the EA 2003, National Tariff Policy and other Orders by APTEL in the matter of Tariff design. The Commission has considered the main objectives of the EA, 2003 including protection of the interest of consumers, the supply of electricity to all areas and rationalisation of tariffs. Apart from the above, the Commission also taken into consideration KRCIPPL’s submissions.

5.5.2 The subsequent paragraphs deal with the submissions of KRCIPPL regarding the Tariff Philosophy and the changes approved by the Commission in the existing tariff structure

KRCIPPL’s Submission

(a) Fixed/Demand Charges

5.5.3 KRCIPPL has proposed to increase Fixed/Demand Charges for each of the consumer categories to be in line with the Fixed/Demand charges approved by the Commission for MSEDCL. The recovery of Fixed Costs through existing and proposed Fixed/Demand Charges is shown in the Table below:

Table 145: Recovery of Fixed Costs through Fixed/Demand Charges for FY 2023-24 and FY 2024-25

Particulars	Units	FY 2023-24	FY 2024-25
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Fixed Costs	Rs. Crore	8.02	8.54
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	5.67	5.67
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	5.67	5.67
Recovery of Fixed Costs through Existing Tariff	%	71%	71%
Recovery of Fixed Costs through Proposed Tariff	%	71%	71%

5.5.4 As shown in the above Table, KRCIPPL has not proposed any increase in the recovery of Fixed Costs through Fixed/Demand Charges from the present level of 71%.

(b) Reduction of Cross Subsidy

5.5.5 KRCIPPL supplies electricity primarily to consumers of IT & ITeS industry in its area of supply.

5.5.6 In the MYT Petition, KRCIPPL had requested the Commission to approve the category-wise tariffs in such a manner that there is no cross-subsidy between the consumer categories. The Commission also approved this philosophy and approved the Average Billing rate for all categories as equal to the ACoS. KRCIPPL has continued with the same approach in the present Petition and requests requested the Commission to continue to approve the category-wise tariffs in such a manner that there is no cross-subsidy between the consumer categories.

(c) Time-of-the-Day Tariff

5.5.7 In the MYT Petition, KRCIPPL had requested the Commission to discontinue ToD tariffs for KRCIPPL, as there is no shift of load on account of ToD tariffs and the peak of KRCIPPL remains constant throughout the day. Further, KRCIPPL has contracted for the power in accordance with its load curve, and hence, there was no benefit of continuing with the ToD tariffs, with the intention of shifting the load. The Commission accepted this request and did not approve ToD tariffs for KRCIPPL in the MYT Order.

5.5.8 In continuation of the same approach, KRCIPPL has not proposed ToD tariffs this time.

(d) Green Energy Tariff

5.5.9 In order to increase the purchase of RE power and to meet the requirements of green power consumption of consumers desirous of doing so, over and above the RPO requirement, KRCIPPL has proposed to procure RE power to the extent of 65% and 75% of its total power requirement in FY 2023-24 and FY 2024-25, respectively.

5.5.10 The projected rate of purchase for RE power is Rs. 5.50/kWh and the rate differential is Rs. 0.50/kWh vis-à-vis conventional power, as projected by KRCIPPL for FY 2023-24 and FY 2024-25. Considering the distribution losses and the intra-State transmission losses, the effective rate differential at the consumer’s end works out to around 53 paise/kWh. Hence KRCIPPL has requested the Commission to approve the Green Energy Tariff of 53 paise/kWh for consumers desirous of procuring additional RE power over and above the mandatory RPO target for KRCIPPL.

Commission’s Analysis and Ruling

(a) Fixed/Demand Charges

5.5.11 The Commission notes that KRCIPPL has not proposed any increase in the Fixed/Demand Charges from the existing level.

5.5.12 In this context, the Commission on careful analysis of load pattern of such kind of SEZ’s has observed that Load Factor of consumers in such SEZ’s is likely to be less than 40%. Such low Load Factor indicates that most consumers have contracted demand far in excess of their actual power requirement. However, as a licensee, it is necessary to have the distribution capacity and contracted power to the extent of the contract demand so as to meet any surge in demand in future. This necessitates the recovery of the fixed charges to enable proper maintenance of the infrastructure so as to provide the quality supply of power.

5.5.13 Moreover, considering the principle involved, the endeavour should be that a Licensee increasingly recovers its fixed cost from Fixed Charges to the extent possible considering other relevant factors.

5.5.14 The Commission has approved increase in Fixed Charges/Demand Charges for FY 2023-24 and FY 2024-25 as shown in the table below:

Table 146: Percentage of Fixed Cost Recovery for FY 2023-24 and FY 2024-25 approved by the Commission

Particulars	Units	FY 2023-24	FY 2024-25
Fixed Costs	Rs. Crore	6.34	8.02
Revenue from Fixed/Demand Charges - Existing Tariff	Rs. Crore	5.83	5.99
Revenue from Fixed/Demand Charges - Proposed Tariff	Rs. Crore	5.92	6.14
Recovery of Fixed Costs through Existing Tariff	%	92%	94%
Recovery of Fixed Costs through Proposed Tariff	%	93%	97%

(b) Reduction of Cross-Subsidy

5.5.15 The category-wise tariffs approved by the Commission are in such a manner that there is no cross-subsidy between the consumer categories. However, while determining the tariff, the Commission has also considered the load factor of the respective category of consumers and accordingly the recovery of the same by way of demand charges and accordingly, the energy charges has been adjusted so as to determine the tariff with no cross subsidy between the consumer categories.

5.5.16 Further, the Commission has undertaken the determination of tariff on the basis of ACoS as per the provisions of the MYT Regulations, 2019 for the 4th MYT Control Period.

5.5.17 Accordingly, the category wise Cross-Subsidy Trajectory for FY 2023-24 and FY 2024-25 approved by the Commission is shown in the table below:

Table 147: Category wise Cross-subsidy Trajectory approved by the Commission for FY 2023-24 and FY 2024-25

Category	Approved FY 2022-23*	FY 2023-24	FY 2024-25
	%	%	%
HT Category			
HT I	100%	100%	100%
HT II			

Category	Approved FY 2022-23*	FY 2023-24	FY 2024-25
	%	%	%
LT Category			
LT II (A)		100%	100%
LT II (B)	100%	100%	100%
LT III (B)		101%	100%

* Approved in the MYT Order in Case no. 329 of 2019

(c) Time-of-Day Tariff

5.5.18 ToD tariffs were introduced as a DSM measure to mitigate diurnal variation in the load curve which would help the Distribution Licensee to reduce its peak period power procurement at relatively higher rate. However, it is observed that there is no shift in load on account of ToD tariff and the peak of KRCIPPL remains constant throughout the day. Further, KRCIPPL has also submitted that it shall be contracting for the power in accordance with its load curve, and hence, there is no benefit of continuing with the ToD tariff. In view of the same, the Commission is inclined to accept the submission of KRCIPPL to discontinue with the ToD tariff for the FY 2023-24 and FY 2024-25 also.

(d) Green Energy Tariff

5.5.19 The Commission determined Green Power Tariff for the consumers opting for meeting its 100% of power requirement through RE sources in the Case No. 134 of 2020 dated 22.03.2021, which is stipulated as Rs 0.66 per kWh as per the conditions and methodology specified under said Order.

5.5.20 On 6 June, 2022, Ministry of Power, GoI has notified Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The said rules mandate the State Commission to determine Green Power Tariff. The Commission has already determined the same vide its Order dated 22 March, 2021 as mentioned above.

5.5.21 Such Green Power Tariff would be in addition to regular tariff approved in MYT Order. The Commission observes that the concept of Green Tariff has been well appreciated by many stakeholders across state as it provides opportunity for consumers willing to meet their power requirement through green energy sources, however, the concept is still at nascent stage with limited participation.

5.5.22 Besides, there have been several developments since introduction of concept including COVID pandemic situation, which also has bearing on renewable energy development in the country. Other market related developments such as introduction of GDAM/GTAM and REC multiplier etc. are still evolving. Under the circumstance, the Commission is of the considered view that any change in mechanism of Green Tariff is not desirable at this stage and the same should continue for remaining period of the 4th Control Period. Thus, the Commission hereby approves the Green Tariff of Rs 0.66/kWh to be applicable during remaining period of 4th Control Period (i.e. FY 2023-24 and FY 2024-25).

5.5.23 However, for ease of implementation and to comply with provisions of MoP Rules, the Commission stipulates following terms and conditions for levy of Green Power Tariff.

- 5.5.23.1 All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- 5.5.23.2 The consumers who have opted for Open Access can also requisition for RE Power on payment of Green Power Tariff for balance power supplied by Distribution Licensee.
- 5.5.23.3 If the Obligated Entity wants to meet its RPO by requisitioning RE Power from the Distribution Licensee, then such entity shall pay additional Rs 0.50 /kWh for the Green Power Tariff i.e., the Obligated entity shall pay total Green Power Tariff of Rs 1.16/kWh. Since the obligated entity also has the option to meet RPO by purchasing REC and is currently being traded at Rs 1/kWh, the green tariff is proposed with slight premium to REC Price.
- 5.5.23.4 Revenue earned through Green Power Tariff shall be treated as tariff income of Supply Business and thereby be fully accounted for reduction in ARR of supply business.
- 5.5.23.5 If the consumer is not an obligated entity under RPO Regulations, then that energy shall be counted towards RPO fulfilment of Distribution Licensee.
- 5.5.23.6 The Consumer will have option to select the quantum of green power to be purchased in steps of 25% and going up to 100% of the consumption.
- 5.5.23.7 Such an option will also be available for Open Access consumer for its balance consumption from the Distribution Licensee.
- 5.5.23.8 The Distribution Licensee will levy Green Power Tariff only for percentage of consumption opted by the Consumer.
- 5.5.23.9 Distribution Licensee shall issue Annual certificate to consumers stating percentage of power requirement of such consumer has been sourced through RE sources
- 5.5.23.10 Any requisition for green energy from a distribution licensee shall be for a minimum period of one year.
- 5.5.23.11 Distribution Licensee shall process the request of Consumer for Green Power Tariff not later than 30 days from the receipt of the request or next billing cycle, whichever is earlier. Distribution Licensee shall provide the facility of requesting for Green Power Tariff through its Web Portal, Mobile App or any other digital mode for convenience of consumers.
- 5.5.23.12 Temporary Consumers can also opt of Green Tariff as per methodology specified above and Distribution Licensee shall issue certificate specifying that power requirement has been sourced through RE sources after receipt of payment.
- 5.5.23.13 The Rules notified by MoP, GOI also specify that rating of the consumer based on the percent of green energy purchased by such consumer. The Commission notes that RPO specified for FY 2023-24 and FY 2024-25 is 22% and 25% respectively and is likely to be revised upwards going forward in next Control Period. As Distribution Licensee will already be meeting such consumption, it would not be correct to issue any certificate to individual consumer for RPO to be met by Distribution Licensee as a whole. The Commission has allowed the consumer the choice to opt for RE purchase in the steps of 25%. Accordingly, the Commission introduces the rating to be given by Distribution Licensee at the end of the financial year along with the electricity bill for the month of

March specifying the percentage of power purchased from RE sources from his total consumption and rating as given below:

Table 148: Rating to be given by Distribution Licensee at the end of Financial Year

% of RE Purchase Opted	Rating
>50% to 75%	Semi-Green
>75% to 100%	Green

5.6 Load Factor Incentive

KRCIPPL’s Submission

- 5.6.1 Load Factor Incentive (up to 15% of energy charge) has been introduced by the Commission for incentivising bulk consumers in the State to maintain steady demand on the system.
- 5.6.2 The Commission has ruled that that Load Factor Incentive shall not be applicable for the month if the consumer exceeds its Contract Demand in that month. Consumers exceeding Contract demand during the off-peak hours (2200 hrs to 0600 hrs) would also not be eligible for Load factor Incentive for that month.
- 5.6.3 KRCIPPL has not proposed any change in the Load Factor Incentive mechanism.

Commission’s Analysis and Ruling

- 5.6.4 As KRCIPPL has not proposed any change in Load Factor Incentive, accordingly, the Commission does not need any need to change the Load Factor Incentive mechanism.

5.7 kVAh Billing for FY 2023-24 and FY 2024-25

KRCIPPL’s Submission

- 5.7.1 KRCIPPL has proposed kVAh billing for all categories, in continuation of the approach adopted by the Commission in the MYT Order.

Commission’s Analysis and Ruling

- 5.7.2 The Commission in the Mid-term Review (MTR) Orders issued in September 2018 for other Distribution Licensees in the State has expressed its intentions to implement kVAh billing to all HT consumer and LT consumers having load above 20 kW from 1 April, 2020 so as to have enough lead time to take necessary steps such as meter replacement, if required, preparedness of billing software etc to ensure their operational preparedness for implementing the kVAh billing.
- 5.7.3 The Commission had indicated to implement kVAh billing for all HT consumer and LT consumers having load above 20 kW. KRCIPL has proposed to implement kVAh billing for all categories of Consumers. The Commission observes that sales projected by KRCIPPL for FY 2023-24 and FY 2024-25 are mainly in HT I and LT II category. Hence, there would be no difficulty even if all the categories are implemented with kVAh billing. Accordingly, the Commission allows implementation of kVAh billing for all categories of Consumers of KRCIPPL.
- 5.7.4 The Commission notes that KRCIPPL has proposed kVAh tariff on revenue neutral concept on the basis of actual Power Factor in case of MBPPL for each category, as the

same shall be more representative rather than four-month data of KRCIPPL. The Commission finds merit in the submission of KRCIPPL of using Power Factor of MBPPL as later is also an IT/IT SEZ. Consumer profile as well as load profile of such consumers is likely to be similar resulting in Power Factor as considered by KRCIPPL for kVAh billing.

5.7.5 The Commission has approved the detailed Tariff as set out in Tariff Schedule.

5.7.6 While determining per unit charges in kVAh, the Commission has used category wise PF which could be lower than unity. This makes per unit tariff lower than the tariff which would have been determined in kWh terms.

5.8 Discount for Digital payment

KRCIPPL's Submission

5.8.1 MERC MYT Regulations, 2019 provides for discount to be given to LT category of consumers for payment of electricity bills through various modes of digital payment. The relevant extract is as follows.

“36.3 A discount on the monthly bill (excluding taxes and duties) shall be provided to Low Tension category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.:

Provided that the rate of such discount shall be stipulated by the Commission in the relevant Tariff Order”

5.8.2 KRCIPPL therefore has proposed to continue the existing discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, for all LT category consumers.

Commission's Analysis and Ruling

5.8.3 The Government of India has been encouraging digitization across various areas including monetary transactions. To support the initiatives of the Government and considering the request of KRCIPPL, a discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill, shall be provided to LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.

5.9 Advance Payment

5.9.1 Regulation 16 of the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 allows the consumer to make the advance payment of charges for electricity supplied. The Commission notes that interest is payable at Bank Rate for such advance payment and such rate being lower than prevailing market rate, there is not much response from the Consumer to avail this facility.

5.9.2 The Commission is of the view that there is need to encourage the consumers to make advance payment, which will not only increase the collection of Distribution Licensee but also reduce the working capital requirement. Thus, the Commission, hereby deems it fit to

invoke its Power to Relax under Regulation 30 of MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 to allow higher interest rate based on the amount of advance payment.

5.9.3 Thus, the Commission hereby allows the advance payment/pre-payment of the bills for consumers for amount not exceeding 12 times average monthly bill for the past twelve months. Such facility shall be available for eligible consumers only for non-defaulting consumers on record for at least past 12 months. Such consumers shall be eligible to avail discount in graded manner on their monthly bills, so long as they maintain advance payment amount in following manner:

Table 149: Methodology for Computation of Discount on monthly bill on Advanced Payment

Advance Payment Amount maintained with Utility as on date of monthly bill	Discount in monthly bill applicable at the rate of	Illustration discount* (%)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 9 to 12 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 150 \text{ basis points}</math> 	<ul style="list-style-type: none"> $(1/12) \times 8.5\% = 0.708\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 6 to 9 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 120 \text{ basis points}</math> 	<ul style="list-style-type: none"> $(1/12) \times 8.2\% = 0.683\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, 3 to 6 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 90 \text{ basis points}</math> 	<ul style="list-style-type: none"> $(1/12) \times 7.9\% = 0.658\%$ (monthly bill discount)
Advance Amount = Equiv. of (Avg. Monthly Bill for past 12 months) x [No. of months, upto 3 months]	<ul style="list-style-type: none"> Percent Discount in monthly Bill Amount = <math>1/12 \times (\text{SBI 1-yr MCLR as on 1st Apr}) + 60 \text{ basis points}</math> 	<ul style="list-style-type: none"> $(1/12) \times 7.6\% = 0.633\%$ (monthly bill discount)

*Note: Assume SBI 1-year MCLR of 7% p.a.

5.10 Tariff for Electric Charging Vehicles

KRCIPPL’s Submission

5.10.1 The Commission had created a separate tariff category for EV Charging Stations. As a promotional measure, the Commission had fixed slightly lower Fixed Cost for this category and ensure that resultant Tariff is near the ACoS.

5.10.2 KRCIPPL submitted that, presently it has no consumer/consumption under this category. KRCIPPL has proposed tariffs for this category along similar lines as approved by the Commission in the MYT Order.

Commission’s Analysis and Ruling

5.10.3 The Commission has noted KRCIPPL’s submission and has computed and approved a revised tariff for EV category as mentioned in the Tariff Schedule.

5.11 Cross Subsidy

KRCIPPL's Submission

5.11.1 The Commission in its MYT Order had approved KRCIPPL's philosophy to consider the Average Billing rate for all categories equal to the ACoS. KRCIPPL continues with the same approach in its MTR Petition also and has requested the Commission to continue to approve the category-wise tariffs in such a manner that there is no Cross-Subsidy between the consumers categories. The Category-wise ABR and Cross-subsidy submitted by KRCIPPL for the period FY 2023-24 and FY 2024-24 is shown below:

Table 150: Category-wise ABR and Cross-subsidy submitted by KRCIPPL for the period FY 2023-24

Category	Projected Average Cost of Supply (Rs/kVAh)	Average Billing Rate (Rs/kVAh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)
		Existing Tariff	Previous Tariff Order	Proposed Tariff	Proposed Tariff
HT Category	8.09				
HT-I		7.40	5.69	9.22	114%
LT Category					
LT-II (A)		7.38		9.18	113%
LT-II (B)		6.32	5.70	9.19	113%
LT-III (B)		6.31		9.19	114%

Table 151: Category-wise ABR and Cross-subsidy submitted by KRCIPPL for the period FY 2024-25

Category	Projected Average Cost of Supply (Rs/kVAh)	Average Billing Rate (Rs/kVAh)			Ratio of Average Billing Rate to Projected Average Cost of Supply (%)
		Existing Tariff	Previous Tariff Order	Proposed Tariff	Proposed Tariff
HT Category	9.46				
HT-I		7.29	5.56	9.48	100%
LT Category					
LT-II (A)		7.31		9.44	100%
LT-II (B)		6.29	5.56	9.44	100%
LT-III (B)		6.27		9.49	100%

Commission's Analysis and Ruling

5.11.2 Based on the approved ARR for FY 2023-24 and FY 2024-25 and the approach for tariff design stated earlier, the revised ABR and the cross subsidy inter-alia various consumer categories as approved by the Commission for the FY 2023-24 and FY 2024-25 are given in the Table below. The Commission, in accordance with the MYT Order has also maintained zero cross subsidy among the various consumer categories:

Table 152: Category-wise ABR and Tariff Increase/ Decrease approved by Commission for FY 2023-24 and FY 2024-25

Category	Average Billing Rate			% Tariff Increase / Reduction	
	Existing	Approved		Approved	
	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2023-24	FY 2024-25
	A	B	C	D=(B/A)-1	E = (C/B)-1
HT Category					
HT I	7.62	7.78	8.02	2.15%	3.00%
LT Category					
LT II (A)	6.58	7.83	7.99	19.01%	1.97%
LT II (B)	6.49	7.79	7.97	20.05%	2.39%
LT III (B)	6.51	7.90	7.98	21.38%	1.04%

* Estimated ABR for FY 2022-23 at existing tariff including FAC

5.12 Revised Tariffs Proposed for FY 2023-24 and FY 2024-25:

KRCIPPL's Submission

5.12.1 KRCIPPL has requested the Commission to approve the category-wise tariffs for FY 2023-24 and FY 2024-25 as below:

Table 153: Proposed Tariff Schedule for FY 2023-24

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 360 per kVA	1.67	5.20
2	HT II: HT Commercial	Rs. 360 per kVA	1.67	5.20
3	HT III: HT Electric Vehicle Charging Station	Rs. 70 per kVA	1.67	5.20
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 280	1.67	6.50
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 360	1.67	6.10
	(B) Above 20 kW	Rs. 360 per kVA	1.67	6.95
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 360	1.67	6.80
	(B) Above 20 kW	Rs. 360 per kVA	1.67	6.85
7	LT IV: LT Electric Vehicle Charging Station	Rs. 70 per kVA	1.67	7.00

Table 154: Proposed Tariff Schedule for FY 2024-25

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs. /kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 360 per kVA	1.74	5.50
2	HT II: HT Commercial	Rs. 360 per kVA	1.74	5.50
3	HT III: HT Electric Vehicle Charging Station	Rs. 70 per kVA	1.74	5.50
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 280	1.74	6.50
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 360	1.74	6.35
	(B) Above 20 kW	Rs. 360 per kVA	1.74	7.15
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 360	1.74	6.80

Order on KRCIPPL's Petition for Truing up of FY 2019-20 to FY 2021-22, Provisional Truing up of FY 2022-23 and ARR and Tariff Determination for FY 2023-24 to FY 2024-25

Sr. No.	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs./kVAh)	Energy Charges (Rs/kVAh)
	(B) Above 20 kW	Rs. 360 per kVA	1.74	7.10
7	LT IV: LT Electric Vehicle Charging Station	Rs. 70 per kVA	1.74	7.00

5.12.2 In the light of the above discussions, the approved revised Tariffs for FY 2023-24 and FY 2024-25 are as set out and also detailed in the Tariff Schedule in the subsequent chapter:

Table 155: Revised Tariffs for FY 2023-24 (effective from 1 April, 2023)

Sr. No	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs/kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 375 per kVA	2.39	2.95
2	HT II: HT Commercial	Rs. 375 per kVA	2.39	2.70
3	HT III: HT Electric Vehicle Charging Station	Rs. 75 per kVA	2.39	5.11
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 280	2.39	3.70
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 380	2.39	3.95
	(B) Above 20 kW	Rs. 380 per kVA	2.39	4.80
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 380	2.39	3.80
	(B) Above 20 kW	Rs. 380 per kVA	2.39	4.80
7	LT IV: LT Electric Vehicle Charging Station	Rs. 75 per kVA	2.39	4.86

Note:

Fuel Adjustment Charge (FAC) computed as per the provisions of the MYT Regulations from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariff.

The detailed computation of category-wise revenue with revised tariffs for FY 2023-24 is set out at **Annexure I** of this Order.

Table 156: Revised Tariffs for FY 2024-25 (effective from 1 April, 2024)

Sr. No	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs/kVAh)	Energy Charges (Rs/kVAh)
HIGH TENSION CATEGORIES				
1	HT I: HT- Industry	Rs. 390 per kVA	1.64	3.95
2	HT II: HT Commercial	Rs. 390 per kVA	1.64	4.20
3	HT III: HT Electric Vehicle Charging Station	Rs. 80 per kVA	1.64	6.36
LOW TENSION CATEGORIES				
4	LT I: LT- General Purpose	Rs. 280	1.64	3.70

Sr. No	Consumer Category	Fixed/ Demand Charge per month	Wheeling Charges (Rs/kVAh)	Energy Charges (Rs/kVAh)
5	LT II: LT Commercial			
	(A) 0-20 kW	Rs. 385	1.64	4.90
	(B) Above 20 kW	Rs. 385 per kVA	1.64	5.75
6	LT III: LT Industry			
	(A) 0-20 kW	Rs. 385	1.64	3.80
	(B) Above 20 kW	Rs. 385 per kVA	1.64	5.65
7	LT IV: LT Electric Vehicle Charging Station			
		Rs. 80 per kVA	1.64	6.11

Note:

FAC computed as per the provisions of the MYT Regulations from time to time shall be applicable to all categories of consumers and will be charged over and above the base tariff.

The detailed computation of category-wise revenue with revised tariffs for FY 2024-25 is set out at **Annexure II** of this Order.

5.13 Determination of Cross-subsidy Surcharge

KRCIPPL’s Submission

- 5.13.1 Section 2(47) of the Electricity Act, 2003 defines ‘Open Access’, while Section 42 of the Act inter-alia mandates the Distribution Licensee to provide Open Access to eligible consumers, subject to payment of Cross-Subsidy Surcharge, Additional Surcharge and other applicable charges.
- 5.13.2 Section 86(1) of the Act inter-alia mandates the Commission to determine Cross-Subsidy Surcharge (CSS), Additional Surcharge and other applicable charges payable by the consumers opting for Open Access.
- 5.13.3 Further, the Commission in the MYT Order determined the CSS based on the Formula stipulated in the revised Tariff Policy notified by Ministry of Power on January 28, 2016.
- 5.13.4 KRCIPPL has computed the category-wise CSS for HT I Category, i.e., the category eligible for Open Access in accordance with the above formula, for FY 2023-24 and FY 2024-25, as shown in the following Table. As there is no consumer in the HT-II category presently, the ABR is not available, hence, the CSS has not been computed for HT-II category:

Table 157: Cross-Subsidy Surcharge for HT-I category proposed by KRCIPPL for FY 2023-24 and FY 2024-25

Year	T (ABR)	C	WL	TL	L	C/(1-L%)	D	R	CSS	CSS
	Rs./kWh	Rs./kWh	%	%	%	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kWh	Rs./kVAh
FY 2023-24	9.22	5.58	1.86%	3.18%	5.04%	5.87	1.60	-	1.75	1.68
FY 2024-25	9.48	5.38	1.86%	3.18%	5.04%	5.66	1.67	-	1.90	1.82

5.13.5 Further, as directed by the Commission, KRCIPPL has presented the CSS in terms of Rs./kVAh as shown in the Table below:

Table 158: Proposed Cross-Subsidy Surcharge for HT-I category for FY 2023-24 and FY 2024-25 submitted by KRCIPPL(Rs./kVAh)

Year	CSS
	Rs./kVAh
FY 2023-24	1.68
FY 2024-25	1.82

Commission’s Analysis and Ruling

5.13.6 Section 42 of the Electricity Act 2003, inter-alia mandates the Distribution Licensee to provide Open Access to eligible Consumers, subject to payment of Cross-Subsidy Surcharge. However, the proviso of Section 42 of the Electricity Act 2003 clearly states that such surcharge shall be utilised to meet the requirements of current level of Cross Subsidy within the area of supply of the Distribution Licensee.

5.13.7 The basic intent of the levy of Cross Subsidy Surcharge as per the Electricity Act, 2003, is to compensate the Distribution Licensee (DL) for the loss of Cross Subsidy due to migration of its (cross subsidizing) Consumers to Open Access. Further the Act also mandates that such Surcharge and Cross Subsidy is required to be progressively reduced by the State Commission.

5.13.8 In this Tariff Order, the Commission has determined the Tariff of the consumers in such a manner that there is no Cross-Subsidy between the Consumer categories. As the Cross Subsidy between the Consumer categories does not prevail and the consumers are paying the tariff equivalent to Average Cost of supply, hence the question of loss of cross subsidy does not arise here. Therefore, as the tariff being determined is at 100% of the average cost of supply, the Commission is of the view that there is no need to determine the Cross Subsidy Surcharge, as there will be no loss of Cross Subsidy in case of any migration of Consumers to Open Access.

5.13.9 It is important to highlight here that in the past also the Commission has been determining the tariff for various Consumer categories of KRCIPPL without any cross-subsidy. But still in respective Tariff Order in the past, the Commission had determined cross-subsidy surcharge by using formula stipulated in Tariff policy. However, none of the Consumers have opted for Open Access as tariff of KRCIPPL was lower. As stated earlier, as there is no Cross-Subsidy in tariff structure, the Commission in this tariff order is not determining any CSS for KRCIPPL.

5.14 Stabilising variation in consumer bill on account of FAC:

5.14.1 As per MYT Regulations, 2019, the aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its tariff on a monthly basis. Relevant part of the MYT Regulation is reproduced below:

“10.2 The aggregate gain or loss to a Distribution Licensee on account of variation in cost of fuel, power purchase, and inter-State Transmission Charges, covered under Regulation 9.1, shall be passed through under the Fuel Adjustment Charge (FAC) component of the Z-factor Charge (ZFAC), as an adjustment in its Tariff on a monthly basis, as specified in these Regulations and as may be determined in orders of the Commission passed under these Regulations, and shall be subject to ex-post facto approval by the Commission on a quarterly basis: ”

.....

- 5.14.2 Similar arrangement for passing on the variation in fuel and power purchase cost existed in all previous Tariff Regulations of the Commission. Such mechanism is in line with the provision of the EA, 2003 which mandates recovery of the fuel cost in timely manner so that the Distribution Licensee are able to recover their legitimate power purchase cost variation. This has helped regular recovery of power purchase variations without accumulating it till next tariff revision. This provision also addresses the financial/cash flow issue of Distribution Licensee wherein the payment for power purchase is required to be made in timely manner at prevailing cost. At the same time it also helps in reducing carrying cost burden on consumer which otherwise would have to be borne if such monthly levy accumulates and the gap is recovered through tariff revision in MYT or MTR as the case may be. Although, consumers are now well aware of this mechanism, there is general and reasonable expectation that once the tariff is approved by the Commission, to the extent possible, it should remain constant during the year and there should not be large variations due to FAC. The unknown variation in the tariff on account of FAC has adverse financial implications on all the categories especially Industrial and Commercial categories where the impact of FAC is generally higher. Variation in tariff is magnified when there is negative FAC leading to reduction in tariff during a particular month and positive FAC in the immediate next month thereby increasing the tariff.
- 5.14.3 Variation in FAC is either on account of change in fuel related costs or mix of power procurement. During the Public hearings in case of other Distribution Licensees, many suggestions were received on this issue and the consumers requested that an appropriate revised mechanism should be put in place wherein there is a minimum impact of FAC felt by the consumers. The Commission opines that this is a very reasonable expectation of the Consumers. To alleviate this issue to the extent possible and to minimise the impact of FAC, the Commission, while approving this Tariff Order, has built-in annual fuel cost escalation. The Commission is fully aware that in spite of approving this annual escalation rate, the possibility of FAC cannot be ruled out completely since this escalation covers only some sources that form a part of total FAC i.e the power purchase cost primarily of the PPA's covered under section 62 of the EA, 2003. To ensure stabilisation of tariffs to the extent possible, and to minimise the variation in FAC, the Commission thinks it fit to approve constitution of a FAC Fund with Distribution Licensee which can be built up over a period of time to be used for payment of FAC bills of Generating companies without immediately loading it on consumers.
- 5.14.4 Therefore, using its powers for Removing Difficulty under Regulations 106 of MYT Regulations, 2019, the Commission is making following changes in FAC mechanism stipulated under Regulation 10 of MYT Regulations, 2019:

- a. Distribution Licensee shall undertake computation of monthly FAC as per Regulation 10 of the MYT Regulations, 2019 except for treatment to be given to negative FAC as follows:
 - i. Negative FAC amount shall be carried forward to the next FAC billing cycle with holding cost.
 - ii. Such carried forward negative FAC shall be adjusted against FAC amount for the next month and balance negative amount shall be carried forward to subsequent month with holding cost.
 - iii. Such carry forward of negative FAC shall be continued till next tariff determination process.
 - iv. In case such FAC Fund is yet to be generated or such generated fund is not sufficient to adjust against FAC computed for given month, then Distribution Licensee can levy such amount to the consumers through FAC mechanism.

5.14.5 In order to maintain transparency in management and use of such FAC Fund, Distribution Licensee shall maintain monthly account of such FAC fund and upload it on its website for information of stakeholders. Such details shall also be submitted to the Commission on quarterly basis along with proposal for post facto vetting of FAC.

5.15 Applicability of Revised Tariff

- 5.15.1 The Tariffs determined in this Order shall be applicable from 1st April, 2023. Where the billing cycle of a consumer is different with respect to the date of applicability of the revised tariffs, they should be made applicable for the consumption on a pro rata basis. The bills for the respective periods as per the existing and revised tariffs shall be calculated based on the pro-rata consumption (units consumed during the respective periods, computed on the basis of average unit consumption per day multiplied by the number of days in the respective periods covered in the billing cycle).
- 5.15.2 The Commission has determined the revenue from the revised tariffs as if they were applicable for the entire year. Any shortfall or surplus in the actual revenue against the approved ARR will be revised during final Truing-Up at the end of the Control Period, as specified in the MYT Regulations 2019.

6 SCHEDULE OF CHARGES

6.1 Background

Petitioner's Submission

6.1.1 The Commission in its MYT Order in Case No 329 of 2019 had approved the revision in Schedule of Charges proposed for KRCIPPL for FY 2023-24 and FY 2024-25. KRCIPPL has not proposed any revision to the Schedule of Charges as approved by the Commission in the MYT Order in Case no. 329 of 2019.

Commission's Analysis and Ruling

6.1.2 Considering the request of KRCIPPL, the Commission has not made any revision in the Schedule of Charges as approved in the MYT Order.

7 SUMMARY OF COMPLIANCE OF EARLIER DIRECTIVES AND NEW DIRECTIVES

7.1 Compliance of Earlier Directives

7.1.1 The status of compliance by GEPL of the directives given in the previous MYT Order is set out below

Directive 1: Agreement with KRCSPL on an arm's length basis

7.1.2 KRCIPPL is directed to consider revision of its agreement with KRCSPL and enter into an agreement on an arm's length basis with terms and conditions which are similar to all similar kinds of agreements.

Compliance:

7.1.3 An agreement has been entered between Petitioner and KRCSPL on the basis of terms and conditions of all similar kind of agreements existing in its distribution licensee area towards discharge of activities like Operation and Maintenance.

7.1.4 KRCIPPL in its additional submission stated that KRCIPPL and KRCSPL are the separate legal entities. KRCIPPL re-iterated that, an Agreement has been entered between KRCIPPL and KRCSPL on the basis of terms and conditions of all similar kind of agreements existing in its distribution licence area towards discharge of activities like Operation and Maintenance. The terms and conditions incorporated in the Agreement entered between KRCIPPL and KRCSPL includes:

- a) General Terms and Conditions
- b) Representations and Warranties of the Service Provider,
- c) Confidentiality,
- d) Taxes, Impost, Levies and Other Legal Costs,
- e) Health, Safety, Environment & Quality, etc.

7.1.5 KRCIPPL submitted that, KRCIPPL in its MTR Petition for the truing-up of FY 2019-20 to FY 2021-22; provisional truing-up of FY 2022-23 and for FY 2023-24 & FY 2024-25 has claimed the Employee Expenses as per normative level approved by the Commission, as the actual employee expenses and no sharing of gain/loss has been done. KRCIPPL has not claimed the employee expenses as per the rates mentioned in the Agreement with KRCSPL.

Commission's Ruling:

7.1.6 The Commission has noted the compliance.

Directive 2: Segregation of Distribution Loss between HT and LT Level

7.1.7 KRCIPPL is directed to segregate the Distribution Loss between the HT and LT levels and submit the break-up at the time of the MTR. KRCIPPL should also provide the segregated voltage-wise (HT:LT) capitalized value (Opening GFA) for each asset class with its MTR Petition.

Compliance:

7.1.8 KRCIPPL had commissioned a Technical Study on distribution losses, in compliance with

the Commission's directions in this regard and submitted Report along with MTR Petition.

Commission's Ruling:

7.1.9 The Commission has noted the compliance.

Directive 3:

7.1.10 KRCIPPL is directed to transfer the assets appearing in the books of GERA to KRCIPPL, which is a Distribution Licensee. KRCIPPL is directed to submit the said details at the time of final Truing-up of FY 2019-20.

Compliance:

7.1.11 The power distribution assets in the building G2 of GERA are transferred in the KRCIPPL Distribution Licensee book from the date of its capitalization. Further, the asset related to upcoming building G1 of GERA shall become the part of KRCIPPL Distribution Licensee books.

Commission's Ruling:

7.1.12 The Commission has noted the compliance.

Directive 4:

7.1.13 KRCIPPL is directed to ensure metering of all interface points, provide a single-line diagram with marked up interface meters (T<>D periphery) and details of consumer metering points at Point of Supply along with month-wise energy accounts for all interface points with its MTR Petition.

Compliance:

7.1.14 The interface meters (T<>D periphery) have been installed and maintained by State Transmission Utility (STU) and are in the purview of by STU. The new DSM meters installed by STU are directly communicated to MSLDC through AMR System and same is being used for energy accounting purpose for DSM purpose.

7.1.15 Petitioner has installed AMR system within its licence area and consumers are billed as per the actual meter reading. Petitioner is in the process of installation of energy meters on HT side of transformer for energy audit purpose, to monitor transformer losses. A single-line diagram with marked up interface meters (T<>D periphery) is submitted. Further, the details of month-wise energy accounts for all interface points for the period FY 2019-20 to FY 2022-23 (upto Sept'2022) is also submitted.

Commission's Ruling:

7.1.16 The Commission has noted the compliance

Directive 5:

7.1.17 KRCIPPL is directed to display PF recorded during the month in the bill of the Consumers for the categories for whom PF Incentive /Penalty was applicable as per the last Tariff

Order of the Commission

Compliance:

7.1.18 In compliance to above direction of the Commission, Petitioner has been displaying the PF recorded during the month in the bill of the consumers. The compliance of the same has been submitted to the Commission vide email dated 8th June, 2022.

Commission's Ruling:

7.1.19 The Commission has noted the compliance.

7.2 New Directives

- 7.2.1 KRCIPPL is directed to ensure that no erroneous adjustment may occur in future audited accounts as it defeats the basic principle of financial prudence which will not be acceptable, as the same was observed during consideration of DSM and ADSM charges
- 7.2.2 KRCIPPL to submit Banker's certificates to claim interest paid towards loans at the time of final truing-up.
- 7.2.3 KRCIPPL to submit data regarding Working Capital loans for the FY 2019-20 to FY 2022-23, for records.
- 7.2.4 KRCIPPL to tie up long-term power purchase agreement for renewable energy power purchase at reasonable APPC.

8 APPLICABILITY OF ORDER

This Tariff Order for the 4th Control Period from FY 2019-20 to FY 2024-25 shall come into force from 1 April, 2023.

The Petition of KRCIPPL in Case No. 214 of 2022 stands disposed of accordingly.

Sd/-

(Mukesh Khullar)
Member

Sd/-

(I. M. Bohari)
Member

Sd/-

(Sanjay Kumar)
Chairperson



Annexure I: Category-wise Revenue with revised Tariffs for FY 2023-24

Consumer Category	No. of consumers	Components of tariff					Relevant sales & load/demand data for revenue calculation			Full year revenue excluding Government subsidy (Rs. Crore)						Government subsidy (Rs. Crore)	Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kVAh)	Ratio of Average Billing Rate to Average Cost of Supply (%)
		Fixed Charges (Rs/conn./month)	Demand Charges (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Wheeling Charges (Rs/kVAh)	Fuel surcharge (Rs/kVAh)	Sanctioned Load in kW	Billing Demand in kVA	Sales in Mn. kVAh	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Revenue from fuel surcharge	Total				
HT Category								22.44	0.00	5.49	6.62	5.35	0.00	17.46	0.00	17.46	7.78	100%	
HT I Industry	56		375	2.95	2.39			12,199	22.44	5.49	6.62	5.35	0.00	17.46	0.00	17.46	7.78	100%	
HT II Commercial	0		375	2.70	2.39														
HT III EV Charging Station	1		75	5.11	2.39			130	0.00										
LT Category								6.08	0.00	0.42	2.91	1.45	0.00	4.79	0.00	4.79	7.89	101%	
LT I General Purpose	0	280		3.70	2.39														
LT II (A) Commercial upto 20 kW	6	380		3.95	2.39			0.02	0.003		0.01	0.00	0.00	0.01	0.00	0.01	7.83	100%	
LT II (B) Commercial above 20 kW	6		380	4.80	2.39			87	0.66	0.04	0.32	0.16	0.00	0.51	0.00	0.51	7.79	100%	
LT III (A) Industry up to 20 kW	0	380		3.80	2.39			0.00	0.000		0.00	0.00	0.00	0.00	0.00	0.00			
LT III (B) Industry above 20 kW	20		380	4.80	2.39			844	5.40	0.38	2.59	1.29	0.00	4.26	0.00	4.26	7.90	101%	
LT IV EV Charging Station	0		75	4.86	2.39				0.00										
Total	89							13,260	28.51	0.003	5.91	9.53	6.80	0.00	22.25	0.00	22.25	7.80	100%

Annexure II: Category-wise Revenue with revised Tariffs for FY 2024-25

Consumer Category	No. of consumers	Components of tariff					Relevant sales & load/demand data for revenue calculation			Full year revenue excluding Government subsidy (Rs. Crore)						Government subsidy (Rs. Crore)	Full year revenue (including subsidy) (Rs. Crore)	Average Billing Rate (Rs/kVAh)	Ratio of Average Billing Rate to Average Cost of Supply (%)
		Fixed Charges (Rs/conn./month)	Demand Charges (Rs/kVA/month)	Energy Charges (Rs/kVAh)	Wheeling Charges (Rs/kVAh)	Fuel surcharge (Rs/kVAh)	Sanctioned Load in kW	Billing Demand in kVA	Sales in Mn. kVAh	Revenue from Fixed Charges	Revenue from Demand Charges	Revenue from Energy Charges	Revenue from Wheeling Charges	Revenue from fuel surcharge	Total				
HT Category								23.56	0.00	5.71	9.31	3.87	0.00	18.88	0.00	18.88	8.02	100%	
HT I Industry	56		390	3.95	1.64		12,199	23.56		5.71	9.31	3.87	0.00	18.88	0.00	18.88	8.02	100%	
HT II Commercial	0		390	4.20	1.64			0.00											
HT III EV Charging Station	1		80	6.36	1.64		130	0.00											
LT Category								6.38	0.00	0.43	3.61	1.05	0.00	5.09	0.00	5.09	7.98	100%	
LT I General Purpose	0	280		3.70	1.64			0.00											
LT II (A) Commercial upto 20 kW	6	385		4.90	1.64			0.02	0.003		0.01	0.00	0.00	0.02	0.00	0.02	7.99	100%	
LT II (B) Commercial above 20 kW	6		385	5.75	1.64		87	0.69		0.04	0.40	0.11	0.00	0.55	0.00	0.55	7.97	100%	
LT III (A) Industry up to 20 kW	0	385		3.80	1.64			0.00	0.000		0.00	0.00	0.00	0.00	0.00	0.00			
LT III (B) Industry above 20 kW	20		385	5.65	1.64		844	5.67		0.39	3.20	0.93	0.00	4.52	0.00	4.52	7.98	100%	
LT IV EV Charging Station	0		80	6.11	1.64			0.00											
Total	89						13,260	29.94	0.00	6.14	12.92	4.92	0.00	23.97	0.00	23.97	8.01	100%	

Annexure III: Tariff Schedule

KRC INFRASTRUCTURE AND PROJECTS PRIVATE LIMITED (KRCIPPL)

SCHEDULE OF ELECTRICITY TARIFFS

(Effective from 1 April, 2023)

The Maharashtra Electricity Regulatory Commission, in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act, 2003 and all other powers enabling it in this behalf, has determined, by its Multi-Year Tariff Order dated **30th March, 2023 in Case No.214 of 2022**, the revised tariffs for supply of electricity by the Distribution Licensee, KRCIPPL, to various categories of consumers as applicable for FY 2023-24 from **1 April 2023 to 31 March, 2024** and for FY 2024-25 from **1 April 2024 to 31 March, 2025**.

GENERAL:

1. These tariffs supersede all tariffs so far in force.
2. The tariffs are subject to revision and/or surcharge that may be levied by the Distribution Licensee from time to time as per the directives of the Commission.
3. The tariffs are exclusive of the separate Electricity Duty, Tax on Sale of Electricity and other levies by the Government or other competent authorities, which will be payable by consumers over and above the tariffs.
4. The tariffs are applicable for supply at one point only.
5. The Distribution Licensee may measure the Maximum Demand for any period shorter than 30 minutes / 15 Minutes of maximum use, subject to conformity with the Commission's Electricity Supply Code Regulations, where it considers that there are considerable load fluctuations in operation.
6. The tariffs are subject to the provisions of the applicable Regulations and any directions that may be issued by the Commission from time to time.
7. Unless specifically stated to the contrary, the figures of Energy Charge and Wheeling Charge are denominated in Rupees per unit (kVAh) for the energy consumed during the month.
8. Fuel Adjustment Charge (FAC) computed in accordance with provisions of MYT Regulations, 2019 and Commission's directions in this regard from time to time shall be applicable to all categories of consumers, and will be charged over and above the base tariff.
9. The Commission has approved Green Power Tariff of Rs. 0.66/kWh to be applicable to all consumers during the remaining period of the 4th Control Period (i.e., FY 2023-24 and FY 2024-25).
10. The consumers who have opted for Open Access can also requisition for RE Power on payment of Green Power Tariff for balance power supplied by Distribution Licensee.
11. If the Obligated Entity wants to meet its RPO by requisitioning RE Power from the Distribution Licensee, then such entity shall pay additional Rs 0.50 /kWh for the Green Power Tariff i.e., the Obligated entity shall pay total Green Power Tariff of Rs

- 1.16/kWh. Since the obligated entity also has the option to meet RPO by purchasing REC and is currently being traded at Rs 1/kWh, the green tariff is proposed with slight premium to REC Price.
12. The detailed Terms & Conditions for the levy of Green Power Tariff is outlined in para 5.5.19 to 5.5.23 of this Order.

HIGH TENSION (HT) – TARIFF

HT I: HT - Industry

Applicability:

This tariff category is applicable for electricity for Industrial use at High Voltage for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteen, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; water pumps, fire-fighting pumps and equipment, street and common area lighting; Research and Development units, Telecommunications Tower etc. -

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply.

This tariff category shall be applicable for use of electricity / power supply by an Information Technology (IT) or IT-enabled Services (ITeS) Unit as defined in the applicable IT/ITes Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time. (In case the Government of Maharashtra revisits the present dispensation given under the IT and ITeS Policy, 2015, such use will be billed under the Commercial tariff category unless otherwise stipulated in the revised Policy.)

Rate Schedule

Tariff w.e.f. 1April 2023 to 31 March 2024

Category	Demand Charge (Rs./kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT I: HT – Industry	375.00	2.39	2.95

Tariff w.e.f. 1April 2024 to 31 March 2025

Category	Demand Charge (Rs./kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT I: HT – Industry	390.00	1.64	3.95

HT II: HT- Commercial

Applicability:

This tariff category is applicable for electricity used at High Voltage in non-residential, non-industrial and/or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, and washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises, including Shopping Malls and Showrooms;
- b) Combined lighting and power services for facilities relating to Entertainment, including film studios, cinemas and theatres (including multiplexes), Hospitality, Leisure, Meeting/Town Halls, and places of Recreation and Public Entertainment;
- c) Offices, including Commercial Establishments;
- d) Marriage Halls, Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps & Service Stations, including Garages; -
- f) Tailoring Shops, Computer Training Institutes, Typing Institutes, Photo Laboratories, Laundries, Beauty Parlours and Saloons;
- g) Banks and ATM centres, Telephone Exchanges, TV Stations, Micro Wave Stations, Radio Stations,;
- h) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial Complexes, and not covered under the HT I – Industry category;
- i) Sports Clubs/facilities, Health Clubs/facilities, Gymnasiums, Swimming Pools not covered under any other category;
- j) Construction of all types of structures/ infrastructure for any purposes;
- k) Stand-alone Research and Development units not covered under any other category;

Rate Schedule

Tariff w.e.f. 1st April 2023 to 31st March 2024

Category	Demand Charge (Rs./kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT II: HT – Commercial	375.00	2.39	2.70

Tariff w.e.f. 1st April 2024 to 31st March 2025

Category	Demand Charge (Rs./kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT II: HT – Commercial	390.00	1.64	4.20

Note:

A consumer in the HT II tariff category requiring single-point supply for the purpose of downstream consumption by separately identifiable entities shall have to operate as a Franchisee authorised as such by the Distribution Licensee; or such downstream entities shall be required to take separate individual connections and be charged under the tariff category applicable to them.

HT III: HT – Electric Vehicle (EV) Charging Stations

Applicability:

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping stations for Electric Vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

Rate Schedule

Tariff w.e.f. 1st April 2023 to 31st March 2024

Category	Demand Charge (Rs./kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT III: HT – EV Charging Station	75.00	2.39	5.11

Tariff w.e.f. 1st April 2024 to 31st March 2025

Category	Demand Charge (Rs./kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
HT III: HT – EV Charging Station	80.00	1.64	6.36

LOW TENSION (LT) – TARIFF

LT I: LT- General Purpose

Applicability:

Electricity used at Low/Medium Voltage for Residential and any other activity not covered under the LT II (A), LT II (B), LT III (A) and LT III (B) tariff categories.

Rate Schedule

Tariff w.e.f. 1st April 2023 to 31st March 2024

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT I: LT- General Purpose	280.00	2.39	3.70

Tariff w.e.f. 1st April 2024 to 31st March 2025

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT I: LT- General Purpose	280.00	1.64	3.70

Note:

Consumers who avail power supply at High Voltage for the above purposes shall also be billed as per this tariff category.

LT II: LT – Commercial

LT II (A): LT- Commercial (0-20 kW)

LT II (B): LT- Commercial (Above 20 kW)

This tariff category is applicable for electricity used at Low/Medium Voltage in non-residential, non-industrial and/or commercial premises for commercial consumption meant for operating various appliances used for purposes such as lighting, heating, cooling, cooking, and washing/cleaning, entertainment/ leisure and water pumping in, but not limited to, the following premises:

- a) Non-Residential, Commercial and Business premises, including Shopping Malls and Showrooms;
- b) Combined lighting and power supply for facilities relating to Entertainment, including film studios, cinemas and theatres (including multiplexes), Hospitality, Leisure, Meeting/Town Halls, and places of Recreation and Public Entertainment;
- c) Offices, including Commercial Establishments;

- d) Marriage Halls, Hotels / Restaurants, Ice-cream parlours, Coffee Shops, Guest Houses, Internet / Cyber Cafes, Telephone Booths, and Fax / Photocopy shops;
- e) Automobile and all other types of repairs, servicing and maintenance centres (unless specifically covered under another tariff category); Retail Gas Filling Stations, Petrol Pumps and Service Stations, including Garages;
- f) Tailoring Shops, Computer Training Institutes, Typing Institutes, Photo Laboratories, Laundries, Beauty Parlours and Saloons;
- g) Banks and ATM centres, Telephone Exchanges, TV Stations, Microwave Stations, Radio Stations;
- h) Sports Clubs/facilities, Health Clubs/facilities, Gymnasiums, Swimming Pools not covered under any other category;
- i) Construction of all types of structures/ infrastructure for any purposes;
- j) Sewage Treatment Plant/ Effluent Treatment Plant and common facilities like Water Pumping / Lifts / Fire-Fighting Pumps and other equipment / Street and other common area Lighting for Commercial Complexes and not covered under the LT III – Industry category;
- k) Stand-alone Research and Development Units not covered under any other category;

Rate Schedule

Tariff w.e.f. 1st April 2023 to 31st March 2024

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LTII (A): LT – Commercial, 0-20 kW	380.00	2.39	3.95
LT II (B): LT – Commercial, Above 20 kW	Rs.380 per kVA per month	2.39	4.80

Tariff w.e.f. 1st April 2024 to 31st March 2025

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LTII (A): LT – Commercial, 0-20 kW	385.00	1.64	4.90
LT II (B): LT – Commercial, Above 20 kW	Rs.385 per kVA per month	1.64	5.75

LT III: LT- Industry

LT III (A) - LT-Industry up to 20 kW load

LT III (B) - LT- Industry, above 20 kW load

This tariff category is applicable for electricity for Industrial use, at Low/Medium Voltage, for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.

It is also applicable for use of electricity / power supply for Administrative Offices / Canteens, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; Research and Development units, Telecommunications Towers etc. -

Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply;

This tariff category shall also be applicable for use of electricity / power supply by an Information Technology (IT) or IT-enabled Services (ITeS) Unit as defined in the applicable IT and ITeS Policy of Government of Maharashtra.

It is also applicable for use of electricity / power supply for common facilities in the IT Park/SEZ (such as lobbies, central air conditioning, lifts, escalators, Effluent Treatment Plant/Sewage Treatment Plant, wash rooms etc.) which are used by the Units, excluding support services areas, after the registration is granted to the IT Park by the Directorate of Industries and Development Commissioner of the SEZ for an IT SEZ, as per the IT and ITeS Policy of the Government of Maharashtra as applicable from time to time. (In case the Government of Maharashtra revisits the present dispensation given under the IT and ITeS Policy, 2015, such use will be billed under the Commercial tariff category unless otherwise stipulated in the revised Policy.)

Rate Schedule

Tariff w.e.f. 1st April 2023 to 31st March 2024

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT III (A): LT – Industry, up to 20 kW	380.00	2.39	3.80
LT III (B) : LT – Industry, Above 20 kW	Rs.380 per kVA per month	2.39	4.80

Tariff w.e.f. 1st April 2024 to 31st March 2025

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT III (A): LT – Industry, up to 20 kW	385.00	1.64	3.80

Category	Fixed Charge (Rs./ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT III (B) : LT – Industry, Above 20 kW	Rs.385 per kVA per month	1.64	5.65

LT IV: LT- Electric Vehicle (EV) Charging Stations

Applicability:

This Tariff category is applicable for Electric Vehicle Charging Station including battery swapping stations for electric vehicle.

In case the consumer uses the electricity supply for charging his own electric vehicle at his premises, the tariff applicable shall be as per the category of such premises.

Electricity consumption for other facilities at Charging Station such as restaurant, rest rooms, convenience stores, etc., shall be charged at tariff applicable to Commercial Category.

Rate Schedule

Tariff w.e.f. 1st April 2023 to 31st March 2024

Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT IV: LT– EV Charging Station	75.00	2.39	4.86

Tariff w.e.f. 1st April 2024 to 31st March 2025

Category	Demand Charge (Rs./ kVA/ month)	Wheeling Charge (Rs./kVAh)	Energy Charge (Rs./kVAh)
LT IV: LT– EV Charging Station	80.00	1.64	6.11

MISCELLANEOUS AND GENERAL CHARGES

Fuel Adjustment Charge (FAC) Component of Z-factor Charge

The Fuel Adjustment Charge (FAC) component of the Z-factor Charge will be determined in accordance with the formula specified in the relevant Multi Year Tariff Regulations and any directions that may be given by the Commission from time to time and will be applicable to all consumer categories for their entire consumption.

In case of any variation in the fuel prices and power purchase prices, the Distribution Licensee shall pass on the adjustments through the FAC component of the Z-factor Charge accordingly.

The details of applicable Z_{FAC} for each month shall be available on the Distribution Licensee's website www.krahejacorp.com.

Electricity Duty and Tax on Sale of Electricity

Electricity Duty and Tax on Sale of Electricity shall be levied in addition to the tariffs approved by the Commission, and in accordance with the Government of Maharashtra stipulations from time to time. The rate and the reference number of the Government Resolution/ Order under which the Electricity Duty and Tax on Sale of Electricity are applied shall be stated in the consumers' energy bills. A copy of such Resolution / Order shall be provided on the Distribution Licensee's website www.krahejacorp.com.

Prompt Payment Discount

A prompt payment discount of one percent of the monthly bill (excluding Taxes and Duties) shall be provided to consumers for payment of electricity bills within 7 days from the date of their issue.

Delayed Payment Charge

In case the electricity bill is not paid within the due date mentioned on the bill, delayed payment charges on the billed amount, including the taxes, cess, duties, etc., shall be levied on simple interest basis at the rate of 1.25% on the billed amount for the first month of delay.

Digital Payment Discount

Digital payment discount of 0.25% of the monthly bill (excluding Taxes and Duties), subject to a cap of Rs. 500/- shall be provided to LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc.

Rate of Interest on Arrears

The rate of interest chargeable on the arrears of payment of billed dues shall be as given below:

Sr. No.	Delay in Payment (months)	Interest Rate per annum (%)
1	Payment made after 60 days and before 90 days from the date of billing	12%
2	Payment made after 90 days and up to 180 days from date of billing	15%

Load Factor Incentive

Consumers having a Load Factor above 75% and up to 85% will be entitled to an incentive in the form of a rebate of 0.75% on the Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85% will be entitled to a rebate of 1% on the Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicable to the consumer.

This incentive is applicable only to consumers in the tariff categories HT I: Industry and HT II: Commercial.

Additionally, the Load Factor Incentive shall not be applicable for the month if the consumer exceeds its Contract Demand in that month. Consumers exceeding Contract demand during the off-peak hours (2200 hrs to 0600 hrs) would also not be eligible for Load factor Incentive for that month.

The Load Factor incentive will be available only if the consumer has no arrears with the Distribution Licensee, and payment is made within seven days from the date of the electricity bill. However, it will be available to consumers in whose case payment of arrears in instalments has been allowed by the Distribution Licensee, and such payment is being made as scheduled. The Distribution Licensee shall take a commercial decision on the schedule for such payments.

The Load Factor is to be computed as follows:

$$\text{Load Factor} = \frac{\text{Consumption during the month in MU}}{\text{Maximum Consumption possible during the month in MU}}$$

Maximum consumption possible = Contract Demand (kVA) x Unity Power Factor x (Total no. of hrs during the month less actual interruption hours recorded in the meter for billing period)

Penalty for exceeding Contract Demand

A consumer (availing Demand-based Tariff) exceeding his Contract Demand will be billed at the applicable Demand Charge rate for the Demand actually recorded, and also be charged an additional amount at the rate of 150% of the applicable Demand Charge (only for the Demand in excess of the Contract Demand).

In case a LT consumer with a sanction demand/ contract demand less than 20 kW records actual contract demand above 20 kW, he will be billed at the tariff applicable for the respective load slab approved by the Commission, in which recorded demand falls for that billing cycle only and also be charged an additional amount at the rate of 150% of the applicable charge for the Demand in excess of the Contract Demand.

Further Distribution licensee can enhance the Contract Demand of the consumer when the consumers exceeds the Contract Demand on more than three occasions during a calendar year, irrespective whether the Consumer submits an application for the same or otherwise. However, before such revision of Contact Demand, Distribution Licensee must give 15 days' notice to such consumer. Also, the Consumer is liable to pay necessary charges as may be stipulated in the approved Schedule of Charges for the revised Contract Demand.

Under these circumstances, the consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge provides for the penalty that

the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken would be governed by the provisions of the Supply Code Regulations.

Consumers' Security Deposit

As specified under Regulations 13 of the MERC (Supply Code Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021, Consumer shall pay Security Deposit and will be entitle for interest on such Security Deposit.

Definitions

Maximum Demand

Maximum Demand in kilo-Watts or kilo-Volt Amperes, in relation to any period shall, unless otherwise provided in any general or specific Order of the Commission, mean twice the highest number of kilo-watt-hours or kilo-Volt Ampere hours supplied and taken during any consecutive thirty minute blocks in that period.

Contract Demand

Contract Demand means the demand in kilo-Watt (kW) or kilo-Volt Amperes (kVA), mutually agreed between the Distribution Licensee and the consumer as entered into in the agreement or agreed through other written communication. (For conversion of kW into kVA, the Power Factor of 0.80 shall be applied.)

Sanctioned Load

Sanctioned Load means the load in kW mutually agreed between the Distribution Licensee and the consumer.

In case the meter is installed on the LV (Low voltage)/MV (Medium Voltage) side, the methodology to be followed for billing purpose is as follows:

2% to be added to MV demand reading, to determine the kW or kVA billing demand, and

'X' units to the MVA reading to determine the total energy compensation to compensate the transformation losses, which is calculated as follows:

'X' = $(730 * \text{kVA rating of transformer})/500$ Units/month, to compensate for the iron losses, plus one percent of units registered on the LT side for copper losses.

Billing Demand - LT tariff categories

Monthly Billing Demand will be the higher of the following:

- 65% of the actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
- 40% of the Contract Demand.

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change in Contract Demand is effected.

Billing Demand - HT tariff categories

Monthly Billing Demand will be the higher of the following:

- a) Actual Maximum Demand recorded in the month during 0600 hours to 2200 hours;
- b) 75% of the highest Billing Demand recorded during the preceding eleven months, subject to the limit of Contract Demand;
- c) 70% of the Contract Demand*.

* FY 2024-25: 75%

Note:

- Only the Demand registered during the period 0600 to 2200 Hrs. will be considered for determination of the Billing Demand.
- In case of a change in Contract Demand, the above period will be reckoned from the month following the month in which the change of Contract Demand is effected.

Appendix - I

List of Persons at the Technical Validation Session held on 22 December , 2022

Sr. No.	Name	Organisation
1.	Shri. Chandrashekar Iyer	Consultant to the Commission – Fichtner Consulting Engineers
2.	Shri. Anand Dhavale	Consultant to the Commission – Fichtner Consulting Engineers
3.	Shri. Nitin Chunarkar	GEPL
4.	Shri. Ajit Pujari	GEPL
5.	Shri. Pramod Burle	GEPL
6.	Shri. Palaniappan	Consultant to KRCIPPL –ABPS

Appendix - II

List of Persons at the Public Hearing on 7 February, 2023

Sr. No.	Name	Organisation
1.	Shri. Chandrashekar Iyer	Consultant to the Commission – Fichtner Consulting Engineers
2.	Shri. Anand Dhavale	Consultant to the Commission – Fichtner Consulting Engineers
3.	Shri. Nitin Chunarkar	GEPL
4.	Shri. Ajit Pujari	GEPL
5.	Shri. Pramod Burle	GEPL
6.	Shri. Palaniappan	Consultant to KRCIPPL –ABPS